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## INTERNATIONALIZATION OF FINNISH ART GALLERIES

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## **Tiivistelmä**

### **Tutkimusongelma ja tutkimuksen tavoitteet**

Taidegallerioiden kansainvälistymisprosessi on akateemisesti melko tuntematon tutkimuskohde. Tässä tutkimuksessa perehdytään suomalaisten taidegallerioiden kansainvälistymisprosessiin yritystasolla. Tutkimuksen tavoitteena on selvittää miksi, miten ja millaisella strategialla suomalaiset taidegalleriat ovat kansainvälistyneet. Lisäksi tutkimuksen tavoitteena on selvittää mitä keskeisiä toimijoita taidemarkkinoilla toimii suomalaisen taidegallerian näkökulmasta.

### **Tutkimusmenetelmä**

Tutkimus toteutettiin haastattelemalla neljän suomalaisen taidegallerian galleristia ja täydentämällä tätä taiteilijoille suunnatulla Internet-pohjaisella kyselyllä. Yinin (1994) suositusten mukaan tapaustutkimus soveltuu monimutkaisten sosiaalisten ilmiöiden tutkimiseen, jossa syysuhteiset yhteydet ovat liian monimutkaisia tutkittavaksi pelkällä kyselytutkimuksella. Lisäksi määrällisen tutkimustiedon vähäisyys ja olemassa olevan teorian testaaminen puolsivat laadullisen tutkimusmenetelmän valintaa.

### **Tutkimuksen tulokset**

Suomalaisten taidegallerioiden kansainvälistyminen on tapahtunut vaiheittain pitkän ajan kuluessa, sillä taidemarkkinoilla kansainvälistyminen tapahtuu ennen kaikkea henkilökohtaisten kontaktien kautta, joiden luominen on hidasta. Kansainvälistyminen voi tapahtua ulospäin (esim. osallistumalla kansainvälisille messuille), sisäänpäin (tuomalla ulkomaisen taiteilijan näyttelyn Suomeen) tai yhteistyöllä (esim. vaihtamalla näyttelyitä ulkomaisen galleristin kanssa) tai näiden yhdistelmällä. Empiirisen aineiston perusteella luotiin uusi viitekehys, joka perustuu Luostarisen (1979) kehittämään viitekehykseen "Stages of the holistic internationalization process of a firm based on the operation mode dimension" (1979). Uusi viitekehys kuvaa miten suomalaiset taidegalleriat kansainvälistyvät ja millaisia toimenpiteitä tämä prosessi edellyttää.

Pääsyyt suomalaisten taidegallerioiden kansainvälistymiselle ovat olleet kotimarkkinoiden pieni koko verrattuna ulkomaisten taidemarkkinoiden vetovoimaan sekä galleristien haluun nostaa oman galleriansa profiilia ja legitimitettä kansainvälistymällä. Kansainvälistyminen tarjoaa kunnianhimoiselle gallerialle mahdollisuuden sekä pitää yllä korkeatasoista näyttelyohjelmaa että kasvattaa liikevaihtoa suurempien taidemarkkinoiden kautta.

Tutkimuksen perusteella hyvä kansainvälistymisstrategia sisältää sekä kaupallisesti kannattavia että epäkaupallisia hankkeita, ja jossa kansainvälistymistä tapahtuu sekä ulospäin, sisäänpäin että yhteistyössä muiden toimijoiden kanssa. Tällainen toimintamalli voi luoda myönteisen kehän, jossa samanaikaisesti gallerian tulot kasvavat ja gallerian sekä sen taiteilijoiden arvostus nousevat. Tutkimuksen perusteella gallerioiden tulisi lisäksi luoda systemaattisempi lähestymistapa taidemarkkinoiden keskeisiin toimijoihin ja heidän kanssa käytävään säännölliseen yhteydenpitoon.

Avainsanat: Kansainvälistyminen, taidemarkkinat, galleria, verkostoituminen



## **Abstract**

### **Research problem and objectives**

The internationalization process of art galleries is a relatively unknown process in the academic research. This Master's Thesis studies the internationalization process of Finnish art galleries from the company level perspective. The study explains how and why the Finnish art galleries have internationalized and what has been the process behind it. This research also studies what kind of internationalization strategies Finnish galleries have used. In addition, the research presents the key actors from the perspective of an art internationalizing gallery.

### **Methodology**

The research was conducted as a multi-case study based on interviews of four Finnish art galleries and additional qualitative online survey for artists. As Yin (1994) proposes, the case study method was chosen because the research problem was complex social phenomenon and the causal links were too complicated to be studied with only surveys. In addition, the lack of quantitative data and the application of existing theory to a novel field lead to use a qualitative approach.

### **Results of the study**

The internationalization of Finnish art galleries has taken place in stages. This is due to the need to create personal contacts to the key actors in the international art market. The internationalization can take place outwards (e.g. participation to art fairs), inwards (e.g. importing exhibition of a foreign artist) and through co-operation (e.g. exchange of exhibitions with a foreign gallery), or as a combination of these. Based on empirical research, a new framework was developed based on Luostarinen's (1979) framework "Stages of the holistic internationalization process of a firm based on the operation mode dimension". The framework identifies how the art galleries have internationalized and the operations included in the process.

The most important reasons why Finnish galleries have internationalized are the smallness of Finnish market, the attractiveness of large foreign markets as well as the gallerist's desire to upgrade the gallery's status and gain legitimization from other actors (e.g. artists, other gallerists, customers). Internationalization enables an ambitious gallery both to keep up an internationally high-level exhibition program and to generate more income through larger customer potential.

The research reveals that a good internationalization strategy includes both commercial and non-commercial elements and utilizes both inward and outward operations as well as co-operation with foreign galleries. This can create a positive circle, which increases the revenues and simultaneously legitimizes the gallery and its artists. In addition, the research emphasized the need to create a systematic approach to manage networks of identified key actors.

Key words: Internationalization, art market, art gallery, networks

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# 1 INTRODUCTION

This chapter will start by presenting the background and motivation for the study. Then the research problem and objectives, the limitations of the study and the structure as well as some key definitions will be presented.

## 1.1 Background and Motivation of the Study

The internationalization process of a company has been one of the main areas studied in international business research. However, a research about the internationalization process of Finnish art galleries has not been conducted before, although there are multiple reasons to conduct it.

The most recent economic research about the Finnish art market is from the 1990s (Jyrämä 1993 & 1995 & 1999), and it concentrated mainly on studying structures and practices of the art market. Although art galleries are in the key role when Finnish visual art culture is taken to the international arenas, the internationalization process of art galleries has not been studied in depth. Obviously small galleries themselves have not had enough resources to conduct a profound analysis of their internationalization process, although the Finnish art galleries have recently started to internationalize in an increasing extent (Ministry of Education Publications, 2005:9, 83).

Secondly, the special characteristics of art market require that some analytical tools need to be modified (Jyrämä 1993, 16; Jyrämä 1995, 5-6). The art market is an exceptional market because of the unique nature of the products and consequently strong emphasis on knowledge and on controlling the high level of uncertainty (Jyrämä 1993, 16). Jyrämä concluded (1993, 16) that although some features of internationalization process can be identified in visual art market, the special characteristics of the art market must be taken into account.



Thirdly, art galleries sell art pieces which value is mainly immaterial. The value of an art piece is hardly based on material or manufacturing costs (Jyrämä 1995, 5-6). In general, the role of immaterial components of the products is becoming more evident in other industries and products as well. Thus, internationalization of art galleries and art pieces supports the research on the internationalization process of companies that sell some other more or less immaterial products.

Fourthly, the presence of Finnish contemporary art in the most important international major exhibitions is important for Finnish cultural policy and it requires increasing amount of contacts between Finnish arts and the arts world at large. However, the structure of the cultural industry is not competitive. (Ministry of Education Publications, 2005:9, 4). An analytical study of the internationalization process of Finnish art galleries would not just support the cultural export strategy of the state, but more concretely, it could also help companies to gain a better understanding of their internationalization process and how to manage it systematically.

To sum up, there are at least four reasons to conduct a further analysis about the internationalization process of Finnish art galleries:

1. Lack of knowledge about the company level internationalization of art galleries even in international level, although it has increasingly started to take place (Ministry of Education Publications, 2005:9, 83).
2. The need to modify the analytical tools because of the special characteristics of art market (Jyrämä 1993, 16; Jyrämä 1995, 5-6).
3. Research about internationalization of art galleries can support internationalizing of other companies in other industries that sell products which product attributes are also immaterial.
4. An analytical study of the internationalization process of Finnish art galleries could both support the cultural export strategy of the state and help the galleries themselves to have a better understanding of their internationalization process and even help them to manage it.

## 1.2 Research Problem and the Objectives

Having identified the above research gap the overall objective of this study is to contribute to the understanding of how Finnish art galleries have internationalized. Therefore the research problem of this Master's thesis is to find out:

1. How have the Finnish art galleries internationalized and what has been the process behind it?
2. What has been galleries' motivation to internationalize and what kind of strategies Finnish galleries have used?
3. Who are the key actors in the international art field from the perspective of an art gallery and how do Finnish art galleries manage these networks?

The objective of this Master's thesis is to construct on the basis of the relevant internationalization literature and empirical data a framework that can describe the internationalization process of Finnish art galleries. This will also help galleries in the future in their internationalization process

## 1.3 Limitations

This study focuses on the internationalization process of Finnish art galleries from the company level perspective. In other words, the study will concentrate to the individual gallery's perspective and does not try to explain the general internationalization or globalization of Finnish art market.

Secondly, galleries are not the only channel to export art, e.g. artists themselves pursue to international arenas, Finnish and foreign curators organize exhibitions that can make the artists and their works more recognized and so on. Thus, this study partly covers the internationalization process of Finnish art market with more emphasis on the commercial gallery activities.



Thirdly, it should be noted that the Finnish art market has not been studied thoroughly and there is not much academic research on the topic. This on the one hand makes the research important, but on the other hand limits the possibilities to find statistical information about such a small industry as gallery business or make quantitative research about the topic. This is why the empirical part of the study is conducted as a multiple case analyses supported by an online survey to the artists.

Fourthly, there are many perspectives to the concept of internationalization itself and the concept is far from being clear. Thereby, it's important to note that the scope of this Master's thesis does not allow a thorough analysis of all different perspectives. The study concentrates to present the most important approaches that are useful to understand the internationalization of Finnish art galleries.

Fifth and final limitation stems from the wide topic. Since the aim of this thesis is to analyse and describe the internationalization process of Finnish art galleries, it is not possible to describe in detail thoroughly how international art market function. This study will thus concentrate to describe the art gallery business and its internationalization.

#### 1.4 Structure

This study is divided into six chapters. The introductory chapter provides the background of the study, identifies the research gap, presents the research problems and questions, limitations of the study and defines some of the main terms used in this study. Chapter two presents the Finnish art market as well as the role of galleries based on earlier research. Chapter three contains a theoretical literature review of the internationalization theories. Chapters two and three together lay the basis on which the conceptual framework will be later developed. Chapter four presents the research methodology. Chapter five presents empirical data gathered on each case company as well as the online survey for the artists and initiates the first step of analysis. Chapter

concludes the research comparing of findings to the existing research, theoretical contributions, managerial implications, and suggestions for further research.

## 1.5 Definitions

The Table 1 defines the main terminology used in this study.

Table 1: Key definitions

| Term                 | Explanation  |
|----------------------|--|
| Art                  | According to the institutional theory; art is what is intended to be art and accepted as art by the art world. (Jyrämä 1995, 6)  |
| Art market           | <p>Art market refers to the process through which works of art are sold and distributed. (Zorloni 2005, 8 &amp; 61)</p> <p>In this context, art market refers to pictorial art market. Art market includes paintings, sculptures, graphics, photographs and video art. The market is defined through the relevant actors which are both commercial (suppliers, buyers or competitors) and non-commercial (e.g. government agencies) since they influence the possible ways of conduct with a field by establishing norms and laws (Jyrämä 1999, 14 &amp; 51)</p> |
| Gallery              | In this context, gallery refers to an art gallery that concentrates to present, exhibit and sell contemporary art.   |
| Internationalization | Internationalization of an art gallery covers internationalization to abroad (outward) as well to the domestic markets (inward). Outward internationalization includes an exhibition of a domestic artist in a foreign gallery, participation to international   |



art fairs abroad, direct sales to international customers / collectors or even having own facilities abroad. Inward internationalization means organizing an exhibition of a foreign artist in Finland or other commercial cooperation with foreign artist/gallery in Finland.

The holistic concept of internationalization

The holistic concept of internationalization includes foreign inward (e.g. importing), outward (e.g. exporting) and cooperative activities and the possible connections between them (Luostarinen and Hellman 1994, 7).

## 2 VISUAL ART MARKET IN FINLAND

This chapter begins by presenting the Finnish art market and compares it to other art markets in Europe. Then the role of art galleries is discussed. Finally, the chapter will present the recent developments of Finnish art market to build base to understand the internationalization of Finnish art galleries.

### 2.1 Description of the Finnish Art Gallery Market

The commercial Finnish art market consists of three separate markets; 1) the art dealers, 2) the galleries and 3) the auction houses (Jyrämä 1995, 55). This study concentrates on the gallery side of the market which are in a key role when Finnish contemporary art is exported.

In Finland the art gallery market consists mainly of the galleries in Helsinki, which have loose relations to galleries outside Helsinki. In 1998, there were 27 galleries in Finland that were part of the Finnish Art Galleries association. Now the number has risen slightly to 33 art galleries from which 24 are located in Helsinki and most of these only employ one to three persons (The Finnish Art Galleries Association's website <http://www.galleriat.net/galleristit/> , 5.7.2006).

The Finnish art market is hierarchically structured according to reputation and status grouping galleries to different categories. There is no formal hierarchical structure in the market, but it is rather symbolic and based on reputation. The distinction into the "elite" group of galleries is based on the quality of art exhibited, which is determined by the actors in the field themselves. The experts in the field set the criteria for what is good art (Jyrämä 1999, 111-113).

Before going further to describe the Finnish art market, it should be noted that many assumptions of traditional economic theories do not apply in the art market. Jyrämä (1995, 5-6) lists many characteristics that are typical for art markets:

- 1) The art market is highly uncertain. Thus knowledge and information on the markets, products and customers is a way to achieve a competitive advantage.
- 2) The products are generally unique or there are rarely perfect substitutes.
- 3) There is no basic need of benefit sought from art, but various simultaneous benefits or motives for purchasing (e.g. aesthetical, social, financial,)
- 4) The value setting is complex and it's not a direct result of demand and supply.

The art market is structured as a network and it is largely based on personal relationships. The relationships are not formal but based on personal relations and implicit acceptance of "belonging" by other actors of the field, thus creating strong internal implicit "code of conduct" in the field. Jyrämä (1999, 110) points out that this might be due to the uncertainty surrounding art products and their distinct nature. The focal net consists of a gallery; its artists, customers and other interested art field actors. These focal nets create larger network structures and are loosely structured based on friendships or relationships even on the international level. These networks are used to conduct professional business, but they are also social. The networks also overlap and the borders for each network cannot be clearly identified. In international context the importance of relationship structure is even stronger. (Jyrämä, 1999, 159)

At the end of 1990s, the Finnish contemporary art market was small and immature (ibid, 96). Inside the Finnish art field there were no clear subfields that were distinguished according to the shared taste, like in more mature markets like France and the UK (ibid 1999, 113). However, the practices for conducting business used by galleries (in Finland, Sweden, France, the UK) and the markets themselves function similarly in different countries (ibid, vii). Through isomorphic forces and by imitation, galleries conduct business in the same way in different countries. It can be argued that there is an international contemporary art field that shares similar activities, values and beliefs, but markets differ according to the maturity and the size of the market (ibid viii).



The barriers to entry the markets are quite similar in different countries and are all related to field's characteristics. These barriers contain aspects that are related to individual talents rather than certain firm's competencies. All barriers include aspects of tacit knowledge that can be acquired only through participating in the field's activity (ibid, 169). These barriers are:

1. Knowledge of the art fields' conventions and both values and beliefs that are accepted ways to conduct business.
2. Art expertise
3. Economic, cultural and especially social capital.

In mature art markets, in order to become an elite gallery, a gallery cannot operate only on local level, but need to participate in activities on international level. This is a key difference between small and immature and large and mature markets. In small, less mature markets, the importance of knowledge and expertise on an international scale is less important. In other words, the more mature market, the more important international aspects become as a determining factor of perceived success, learned competencies and overcoming barriers (ibid, 169).

The art market can be viewed as a pyramid. At large the market is relatively competitive, since the supply is plentiful, entry is free, the product is homogeneous and sellers seek to differentiate similar goods. Competition is based on variety rather than on price. As we move up to the market sectors dealing in works of higher quality, the market becomes more concentrated. Entry is restricted, and the prospects of making a profit are uncertain since galleries face high barriers to entry and the dealer influences the prices fetched by his artists. However, unlike other restricted markets where barriers to entry benefit sellers at the expense of buyers, in the art market buyers and sellers are both interested in maintaining restrictions (Singer 1988, 27-40)

Without going to the Finnish art market in detail, some of the most interesting points should be highlighted to be able understand the environment from which Finnish art

galleries have internationalized. Figure 1 presents the different actors in the Finnish art market.

Figure 1: The actors of Finnish art market

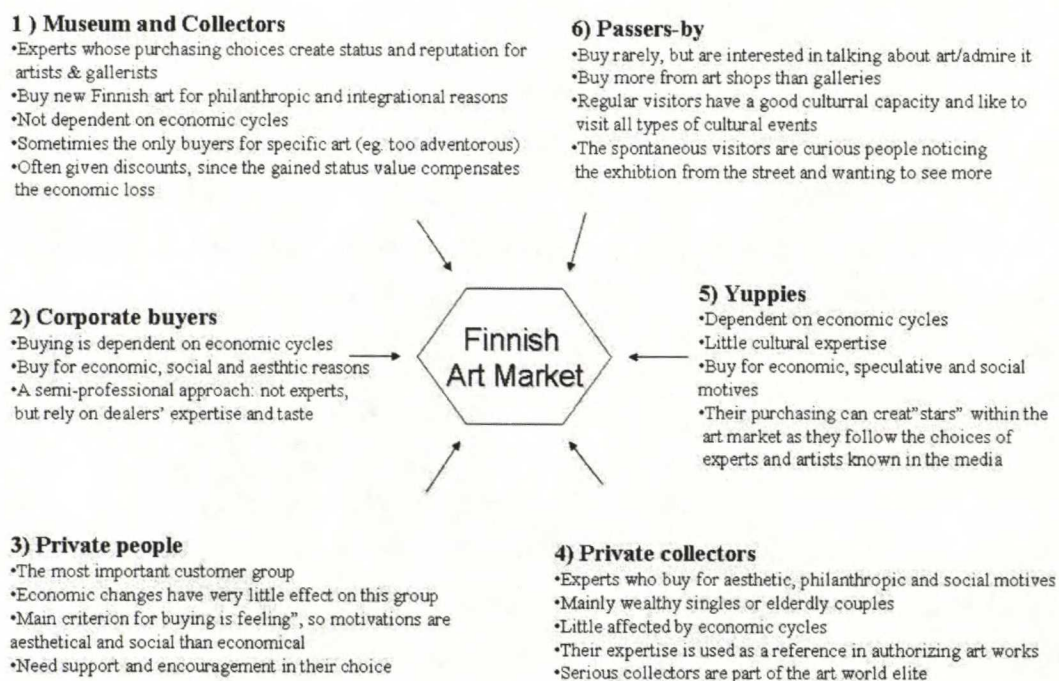


Source: Jyrämä 1999, 117-133

In the late 1990s, there were very few art collectors in Finland and thus the museum purchases played a major role for artists and dealers to gain reputation in Finland. No major commercial art event or large serious private collectors existed in Finland (Jyrämä 1999, 96). Jyrämä (1999, 94) reported that the market was not as competitive as elsewhere in Europe and the commercial art galleries did not operate internationally on continuous basis. As one indication of this, foreign actors did not know many Finnish museum directors or none of the galleries. Although some of the Finnish artists had gained name, this has happened mainly through by non-Finnish galleries.

Jyrämä (1995) studied the structure of customer groups in Finnish art market by interviewing some 30 people that included artists, museum curators, gallerists, art dealers, auction house managers etc. Jyrämä (1995, 45) classified customer groups into the major segments that are presented in detail in the figure 2:

Figure 2: Customer groups in Finnish art market



Source: Jyrämä 1995, 45-49

Jyrämä's profiling corresponded fairly well with the customer types identified abroad, e.g. in the French markets (Jyrämä 1995, 48). However, because Finnish art market was more immature than the French market, there were some clear differences. Although the purchasing motives were the same in both countries, the relative importance of each group differed a little and for instance the "yuppies" were less significant in France as well as the role of corporate buying (Jyrämä 1999, 45-49).



Compared to other national art markets, Jyrämä (1999, 97 and 159-163) found that Finnish art market was small and immature. As one example of this, Finnish galleries do not introduce international art trends to Finland like they do in other more matured markets, since the customer base for the “newest” art is small. The major actors in relation to the international market were the museum leaders and curators, and the institutionalized actors of the contemporary art field. Internationalization took place through museum curator contacts or through artists themselves when they were able to have exhibition in foreign art galleries.

However, internationally there were some large and respected private collectors and their interest in a promising artist had a positive effect on the artist’s price level. Jyrämä (1999, 163-164) concludes that influential individual collectors, such as Saatchi in Britain, can affect the field, create interest in a particular taste in art or change the current trends in art.

## 2.2 Role of Art Galleries

According to the Finnish Art Galleries Association’s definition, art gallery is a permanent exhibition space which presents new visual art. Gallery interacts culturally towards the society and offers free of charge art experiences in cooperation with the artists. The private art galleries are able to cover 85% of the artists’ exhibition requirements. Normally, an art gallery organizes 12-16 exhibitions a year that span from two to four weeks. Art galleries sell both new and old works and guarantee the quality of the art sold. Galleries also export their artists abroad and try to arrange them international exhibitions and customers. (The Finnish Art Galleries Association’s website, 5.7.2006)

Galleries do not normally buy the art works they present but sell them on the name and behalf of the artists. Galleries either take a rent from the artists for the exhibition space or a commission, or a combination of these. Most galleries have their “own” artists in the sense that these artists have repeatedly exhibitions in the same gallery. Most

galleries also have a selling collection or a small stock (Jyrämä 1995, 58-61). Galleries in Europe conduct business surprisingly similarly and their interiors and atmosphere do not differ that much from one country to another (Jyrämä 1999, 165).

Galleries are the main distributors of contemporary art in Finland and their main task is to present art works. The national market is hierarchically structured, consisting of elite galleries, quality galleries and other galleries. The elite galleries have a good reputation perceived by other actors and they are committed to bring new art forward. Galleries are judged according to the art they present, and the choices are based on the judgements of art schools, government scholarships, art galleries, art critics, collectors etc. In Sweden the galleries perform the role of introducing international art trends, whereas in Finland art halls and museum are mainly responsible for that activity. This reflects the smallness and less mature character of the Finnish art market. (Jyrämä 1997, 15-27).

Galleries have strict hierarchy, and many strive for high status. The top galleries operate as gatekeepers, since through exhibitions they influence what is good art and even most museums rely on top gallerists' taste and purchase works from the "accepted" galleries. These galleries belong usually to the Finnish Art Galleries' Association (Jyrämä 1999, 120).

Galleries can influence their reputation e.g. by cooperating with certain elite galleries in Finland or abroad. The reputation hierarchy is legitimised and institutionalised through gallery associations and art fairs: only accepted galleries are allowed to participate in these organisations or events. This hierarchical system helps to decrease the uncertainty related to the unique and non-objective valuation of works of art that is characteristic for art. (Jyrämä 1999, 160-173).

It is possible to distinguish a life cycle of a gallery. In the beginning, the gallery is young and seeks legitimization within the art field through presenting a new art movement or new type of art. Then, gradually, the gallerist or the gallery gains reputation. Young galleries do not try to displace established galleries, but perceive them as examples. Finally, as the gallery gains both age and reputation and artists it



presents are established, the gallery can move to the market of sacred objects. In Finland, it is difficult to distinguish all these distinct stages of the galleries' life cycle, as there might be only one gallery representing a specific stage and many galleries do not survive long enough to become established. Thus only very few galleries go through the whole life-cycle (Jyrämä 1999, 162). As only galleries with good reputation are accepted to international art fairs, this often means that only established galleries in the mature stage of their life cycle make serious efforts to export its artists.

A gallery is closely related to its artists and it is possible to become more established if the artists that the gallery has shown to present gain success. A gallery needs to engage in new art movements to remain part of the art world and gallerist's taste and reputation is measured by the gallery's ability to create and follow the trends in art. This reflects the innovativeness of a gallery. (Jyrämä 1995, 71-78)

### 2.3 Recent Developments in the Finnish Art Market

In the 1990s Finnish art galleries did not actively participate to major international art fairs in Basel, Berlin, Cologne or Chicago, although art fairs are important venues to sell, meet people, increase status and expand networks. The expensive participation costs and strict admission policy made international art fairs too difficult to reach (Jyrämä 1999, 126). During the 1990s, internationalization occurred mainly through museum curator contacts and through artists themselves (Jyrämä 1999, 117-133).

However, recent events have shown that Finnish art galleries have started to internationalize. From the art gallery point of view, internationalization is defined as a process to become more committed and involved in international activities. In practice this can be e.g. an exhibition of a domestic artist in a foreign gallery, participation to international art fairs abroad, direct sales to international customers / collectors or even having own facilities abroad. Some Finnish galleries export contemporary art, like Galerie Anhava and Galleria Krista Mikkola . Although there is no academic research about the topic, many newspapers and magazines have reported how some top galleries



from Finland have entered international art markets during the past few years (see e.g. Talous-Sanomat 23.3.2006, Kauppalehti 22.4.2006, Staying Power to Finnish Cultural Projects, publications of the Ministry of Education, Finland 2005:9 ).

Finnish contemporary art has become more established internationally since the 1990s. Many artists, institutions and organizations have direct international contacts abroad and career possibilities have substantially increased. Most Finnish artists study or work abroad extended periods at some point in their careers. Joint projects between Finland and other countries have increased substantially, especially inside the EU due to increasing networking. However, the remote geographic location of Finland and rapid expansion of interaction presses the significance to support international activities (Ministry of Education Publications, 2005:9, 83-84).

However, the Ministry of Trade and Industry has discontinued its subsidies to galleries. The main gate to international art market is to participate to the most important art fairs which are often too expensive for small Finnish galleries. According to the directors of Kiasma (contemporary art museum of Helsinki) and the Finnish Fund for Art Exchange (FRAME), it would be particularly important to provide separate funding to support galleries' long-term participation in the major international art fairs (Ministry of Education Publications, 2005:9, 84,)

Galleries can get support to their exports' projects through artists who get support from FRAME. FRAME supports artists' international exhibitions, catalogue and other marketing material published in foreign languages, provides financial and professional support and coordinates assistance to artists and partners. In 2003, there were 164 completed or on-going projects in 38 countries. (Ministry of Education Publications, 2005:9, 83-84 & FRAME website 11.7.2006).

Besides visual arts, also Finnish contemporary art photography is raising its head. Since the 1980s, photography has gained a foothold in galleries and museums and exports of photographic art have become increasingly professional. Finnish photographic art is appreciated for its quality and it faces strong foreign interest. (Ministry of Education

Publications, 2004:22, 84). In addition, photography has got visibility through Finnish galleries that present Finnish photography in international art fairs. (Taloussanomat, 23.3.2006). For example, the Professional Studies program at the university of Art and Design Helsinki has trained dozens of high-quality photographers attracting international interest and markets them under one Helsinki School -concept.

To sum up, the Finnish art market continues to be small compared to the European art market where even individual collector's purchases increase the price level of a Finnish artist. However, the gallery business around Europe shares similar activities and there is an international contemporary art field. This international art market has attracted many Finnish galleries for long, but because of the high participation costs for major art fairs, they have not been able to attend.

### 3 LITERATURE REVIEW OF INTERNATIONALIZATION THEORIES

The aim of this literature review is two-fold. First, it summarises the relevant literature of internationalization of a company to gain a more thorough understanding of the research phenomenon. Second, the chapter assist in forming the preliminary theoretical framework of internationalization of Finnish art galleries based on the synthesized literature.

Internationalization has many definitions. "Internationalization of visual art market is as a process of becoming part of the international network or becoming a member of the international art world" "( Jyrämä 1993, 15-16). "Internationalization is a process of increasing involvement in international/global operations and commitment with international/global markets." (Luostarinen and Welch, 1990). Internationalization is a two way-process during which companies become increasingly involved in international activities. This may happen either through international inward operations such as importing, international outward operations such as exporting or through international cooperation (Luostarinen and Hellman, 1994. , 5-18).

In this study, internationalization is studied at a company level. However, the role of individuals is important, because art galleries are often so small that the company decisions directly follows the gallerists' decisions. Internationalization of an art gallery covers internationalization to abroad (outward) as well to the domestic markets (inward). Outward internationalization includes an exhibition of a domestic artist in a foreign gallery, participation to international art fairs abroad, direct sales to international customers / collectors or even having own office or other facilities abroad. Inward internationalization means organizing an exhibition of a foreign artist in Finland or other commercial cooperation with foreign artist/gallery in Finland.

Korhonen (1999, 13-25) has presented an overview over the conceptual development of internationalization. The conceptual development of internationalization started in North



America and the Nordic countries in 1950s and 1960s. When North American internationalization research concentrated mainly on selected and advanced operation modes of large and mature multinational companies operating in large domestic markets, Nordic researchers were more interested in relatively small firms operating in small and open economies. This forced Nordic researchers to build their own theories. Especially Penrose's (1959) and Cyert and March's (1963) influence has directed many Nordic researchers to see the internationalization of a firm as an incremental process and that knowledge on international business can only be acquired through empirical experience (Korhonen 1999, 16).

Internalization has been studied extensively all over the world with mixed results, so there are many ways to group internationalization theories, the foreign operations and the foreign entry modes. According to Kjellman et al. (2004, 64), internationalization theories are often categorised to "why"-theories, "how"-theories and "why & how"-theories.

These three main basic approaches for understanding internationalization are based on the economic theory of internationalization: the theory of growth of the firm (Penrose 1959), the internationalization theory (Casson et al. 1986), market power theory of a firm (Hymer 1976) and product life cycle approach (Vernon 1966).

On the other hand, Smolarski & Wilner (2005, 56) divide internationalization theories into three main theoretical sectors which are stage theories, network theories and foreign direct investment (FDI) theories.

Jyrämä (1993b, 9-16) described and analyzed some theories of internationalization that could be adapted to research specifically visual art markets. Jyrämä divided the internationalization theories to three parts as well:

- internationalization process –theories (referring to the stage theories)
- network theories

- theories on multi-national companies (MNCs).

The special characteristics of art market reduce the possibility to utilize all existing internationalization models to study art galleries. The foreign direct investment theory primarily explains investment patterns and the existence of MNCs rather than the process of internationalization (Johanson and Vahlne, 1990). Thus FDI theory does not seem to be relevant to in this study. Furthermore, e.g. Vernon's product life cycle theory is imperfect to explain the internationalization as works of arts are practically unique.

As Jyrämä's categorisation does not contradict with other internationalization theory categorisations and is focused on visual art markets, it seems to be most suitable for further analysis. However, in art markets, the only MNCs are large auction houses (e.g. Christie's, Sotheby's). MNC models are hardly applicable to small Finnish art galleries which are only taking the first steps of internationalization.

In addition, Jyrämä (1993, 15) presents the internationalization in art markets is not related only to exporting art objects, but also the internationalization of art organizations, their expertise, art customers and artists. The importance of knowledge and the strong relations between art organizations, art elite and customers all support the view that internationalization could best be captured through a network view of internationalization.

During recent years also the Born Global research has become increasingly popular. The term "Born Global" refers to company that start its globalization from inception without any preceding domestic operations, simultaneously with domestic business, or exceptionally soon after domestic operations (Luostarinen and Gabrielsson, 2001). However, according to previous research (Jyrämä 1993, 1995 & 1999), there doesn't seem to be a Finnish art gallery that would have started to operate immediately after its founding in international markets. More likely it seems that art galleries in Finland have followed the traditional path operating first long in their domestic market, and then entered into international markets. This is partly explained by the fact that for example major art fairs do not accept young galleries to the fairs without a good exhibition track

record of recognises artists, which usually takes many years. Thus the Born Global approach does not seem to be an interesting approach for this study.

To conclude, the most appropriate theories to explain the internationalization of Finnish art galleries seem to be stage theories and network theories. Jyrämä (1993, 11) points out that the inward-outward internationalization seems particularly interesting with the Finnish visual art industry context, since it can help a firm to gain experience and knowledge in doing international business, creates international relationships and thus links up with an international network.

In this research, the focus is on stage theories, and especially on holistic approaches that take into consideration also the inward internationalization (Luostarinen 1970 and 1979). Luostarinen's holistic model of internationalization is a stage theory model, but it also includes a network perspective. Thus it is in line with the objective of this Master's thesis which is based on the relevant internationalization literature and empirical data a framework that can characterize the internationalization process of Finnish art galleries. The model can help to answer to the main research question which is how Finnish art galleries have internationalized. In addition, the study will search for answers to the other two research questions which where why the Finnish art galleries have started to internationalized and what kind of contacts they have needed for this process.

The literature review will continue by revising first the stage theories of internationalization and then the network approach. Finally, the proposed framework is presented before continuing to the empirical part.

### 3.1 Stage Theories of Internationalization

The researchers at the University of Uppsala (Carlson, 1975; Forsgren and Johanson, 1975; Johanson and Wiederheim-Paul 1975; Johanson and Vahlne, 1977, Welch and Wiederheim-Paul, 1980) published a collection of articles and thus started to develop



the stages model of internationalization, or also known as Uppsala Internationalization model in the beginning of 1970s. The stage model of internationalization explains how firms, from a domestic base, make incremental commitments to international markets in the context of resource and international knowledge constraints (Johanson and Wiederheim-Paul 1975, 306-307). The Uppsala model suggests that distinctive cumulative steps can be identified in the internationalisation of companies. The model is most applicable to companies with small domestic markets. (Johanson and Vahlne 1990, 12) Empirical test includes as many as six distinct stages in a firm's progression to become an established and consistent exporter (Wollf & Pett, 2000, 36). The main differences in the different stages models are in the descriptions of the stages and their number. The stimulus to start exporting can either be caused by push mechanism (external change force) or by pull mechanism (internal change force) (Elo 2005, 65). Stage theories emphasize the gradual pattern in internationalization, which is based on two main reasons (Andersen 1993, 212): the lack of knowledge by the firm, especially experiential knowledge, and the uncertainty associated with the decision to internationalize.

The internationalization process evolves in an incremental fashion in interaction between the development of knowledge about foreign markets and operations on one hand and an increasing commitment of resources to foreign markets on the other hand. This development is explained by the concept of psychic distance, with firms expanding first into markets which were psychically close, and into more distant markets as their knowledge developed (Johanson and Vahlne 1977). Empirical market knowledge from current activities generates business opportunities and is consequently a driving force in the internationalization process. Once the internationalization process has started, it will tend to proceed regardless of whether strategic decisions in that direction are made or not (Johanson and Vahlne 1990, 11-12).

Based on empirical research evidence and own business experience, the Nordic researchers concluded that internationalization is a dynamic and multidimensional phenomenon. At the beginning of theory formation in the 1960s and early 1970s

internationalization research covered both international inward and outward activities. Although in the beginning both Finnish and Swedish researchers concentrated their empirical studies mainly on outward internationalization, later Finnish and Swedish researchers developed their own internationalization models because of different research influence. In Finland, Luostarinen and his FIBO (Finland's International Business Operations) research team collected data both on inward and cooperative modes and published it in 1976, 1983, 1990 and 1996. In Sweden, the inward internationalization concentrated on buyer-supplier dyads and relationships, with the result that network research focused less on internationalization process issues than on networks themselves (Korhonen 1999, 13-25).

During the 1970s and 1980s, the outward internationalization process and stage models attracted increasing research among scientific communities around the world. Although the number of stages varied between the different stages models, all models proposed a stage approach with incremental steps and generally supported the business distance concept. The models focused mainly on companies' deepening commitment to exports in an increasing number of foreign countries, rather than on the development of alternative entry operation modes (Lehtinen and Penttinen 1999, 8-9).

Although empirical research has provided considerable, although not undisputed support for stage models, they have also faced some criticism. The models were mainly developed in the 1970s and since those days the global business environment has changed dramatically. Sperling (2005, 49-50) lists main criticisms of the internationalization stages theory models. Sperling's list included criticism towards technology intensive firms, so the list has been adapted for this study concentrating on less technology-intensive art galleries and it has also been completed from other sources as well. Without any doubt, many of the criticisms above are very much true also in the art market and should be noted in the further analysis especially before making conclusions.

However, as Sperling (2005, 49) concludes, the stage models "fail to explain the rapid and early internationalization process of some new companies" referring especially to "born globals". On the other hand, as already noted before, the art market is structured

as a network and it's largely based on personal relationships. The relationships are not formal but based on personal relations and implicit acceptance of "belonging" by other actors of the field, thus creating strong internal implicit "code of conduct" in the field. Jyrämä (1999, 110) points out that this might be due to the uncertainty surrounding art products and their distinct nature. The creation of these necessary networks takes time and doesn't happen over time. This obviously slows down the internationalization process of art galleries and decrease the change to internationalize very rapidly. In other words, it could be assumed that galleries do not internationalize very rapidly, but on the other hand this is just an assumption before a further analysis. Table 2 presents the main criticisms of the internationalization stages theory models.



Table 2: Main criticisms of the internationalization stages theory models

| <b>Criticism</b>   | <b>Source</b>   |
|--|---|
| Firms do not necessarily adopt consistent organizational approaches to internationalization  | Buckley, Newbound, Thurwell, 1979                     |
| Many passive exporters were once active  | Cannon and Willis, 1981.                              |
| Firms may omit stages to accelerate the process  | Cannon and Willis, 1981                               |
| “Psychic” distance has become much less relevant due to globalization, development of global communication and transportation infrastructures, and markets becoming increasingly homogenous.                         | Czinkota and Ursic, 1987; Nordström, 1991; Bell, 1995 |
| Some firms do not change their preferred entry mode as they develop new export markets   | Bell, 1995  |
| Stage models are too deterministic   | Johanson and Vahlne, 1990, 11-24                      |
| Stage models are suited only for the early stages of internationalization when the lack of market knowledge and resources are still constraining factors   | Johanson and Vahlne, 1990, 11-24                      |
| General internationalization of industries and markets can rule out the market knowledge factor  | Johanson and Mattson 1985                             |
| Traditional stage patterns are too rigid and slow  | Luostarinen, 1994                                     |
| Choice and adaptation of the internationalization process is determined by operating environment, industry structure and the firm’s own strategy making the process less gradual and more continuous                 | Turnbull 1987, 21-40                                  |
| Small –and medium sized companies may have other process characteristics due to their resource and capability limitations and therefore take other steps than gradual development steps offered by the Uppsala model | Elo 2005, 67  |

Source: adapted from Sperling 2005, 49-50

Lehtinen and Penttinen (1999, 7) present some differences between the Swedish and Finnish stage models:

1. The Swedish Uppsala model examines the penetration pattern only for a certain target country (Johansson and Wiedersheim-Paul 1975; Johanson and Vahlne 1977) while Luostarinen identified and developed internationalization patterns at the firm, country and global level (Luostarinen 1970).
2. The Uppsala model focused mainly on outward internationalization, while the Luostarinen's model takes into account the inward and cooperative sides (Luostarinen 1970, 1978, 1979, Luostarinen & Hellman 1994).
3. The main goal of the Uppsala model is to explain how companies internationalize their activities while Luostarinen's model also explain why and where they do it (Luostarinen 1979)
4. The Uppsala model is originally based on four case studies while Luostarinen's model is based on a mail survey including 1006 companies covering 92% of the total Finnish industrial exports in 1976.

However, there is also a fundamental problem with the Uppsala model which is its emphasis on organizational learning as a basic driving force of a firm's internationalization. The experiential organizational behaviour is contingent on who makes the interpretation, which leads to systematic biases in interpretation. The model also has an implicit assumption that the company leaders interpret the empirical knowledge, and that the leadership is stable over time. However, personnel changes affect on organizational learning and the lessons learned from the history are often forgotten. (Björkman & Forsgren 2000, 12).

Later, Welch and Luostarinen (1988) developed further the concept of internationalization as "the process of increasing involvement in international operations". "An important reason for adopting a broader concept of internationalization is that both sides of the process, i.e. both inward and outward, have become more closely linked in the dynamics of international trade" (1988). As Korhonen (1999, 33) points out, the quotation above clearly shows how Luostarinen and Welch raised up the

original 20-years old idea of two-way internationalization stressing the importance of inward-outward connections.

### 3.1.1 Inward and Outward internationalization process

Luostarinen (1978) developed the “holistic concept of internationalization”. The concept argues that internationalization is not only one-way (outward) but a two-way traffic (inward and outward) and still a cooperative process (inward and outward simultaneously). Thus outward, inward and cooperation types (strategic alliances, cooperative arrangements) are all included in the concept (Luostarinen and Hellman 1995, 7). Luostarinen and Hellman analyzed the internationalization process by using POM-pattern (Product, Operation, Market- pattern) at the firm level. Korhonen (1999, 186) studied 55 small and medium-size manufacturing firms and their internationalization process using Luostarinen’s Holistic model of internationalization and concluded that the model seemed to be valid to study the internationalization of small and medium-size manufacturing companies. Although manufacturing companies operate in different field of business than art galleries, Luostarinen’s model offer interesting tool to study if the same process is also applicable for art galleries, and thus also to some other service companies that internationalize.

Welch & Luostarinen (1990, 186) assume that the “pre-phase” of inward operations (e.g. imports), increase learning and experience and therefore evolve step by step, enhancing outward operations (e.g. exports). Inward operations are a good possibility to learn foreign trade techniques, operations characteristics and ways of using different operation modes. Luostarinen and Welch (1988) described six dimensions in which internationalization takes place. They are 1) operation method, 2) product or sales objects, 3) markets, 4) organizational structure, 5) finance, and 6) personnel (expertise). These dimensions help to describe the development by stage. In addition, they describe five key dynamic factors that help to explain the obstacles or continued forward movement of internationalization process. These are:



- i. resource availability
- ii. knowledge development
- iii. communication networks
- iv. risk and uncertainty
- v. control and commitment.

Outward operations of a firm in a particular country are in most cases inward operations of another firm located in a target country. Inward operations are mirror-images of outward operations, e.g. direct export vs. indirect import or in a joint venture foreign partner vs. local partner (Luostarinen and Welch 1990, 181-182). Table 3 illustrates how inward operations are mirrors of outward operations.

Table 3: Inward operations as a mirror of outward operations

| <b>Outward operation modes</b>        | <b>Inward operation modes</b>       |
|---------------------------------------|-------------------------------------|
| Indirect export                       | Direct export                       |
| Direct export                         | Indirect export                     |
| Own import – exporter                 | Own import – importer               |
| Licensing, selling – licensor         | Licensing, selling – licensee       |
| Know-how agreement – contractor       | Know-how agreement – contractee     |
| Franchising – franchisor              | Franchising – franchisee            |
| Subcontracting – subcontractor        | Subcontracting – subcontractee      |
| Contract manufacturing – contractor   | Contract manufacturing – contractee |
| Project exporting –contractor         | Project importing – contractee      |
| Joint/mixed venture – foreign partner | Joint/mixed venture – local partner |

Source: Luostarinen and Welch 1990, 182

Luostarinen (1990, 187) concludes that the internationalization process of the firm often starts with inward international operations and then develops step by step through some combination of outward, inward and cooperative operations. This study will analyze the outward-inward internationalization process using the POM -pattern.

Luostarinen's (1994) "Holistic internationalization process of a firm based on the operation mode dimension" was constructed to describe the internationalization process of manufacturing firms. However, this study describes the internationalization process of the Finnish art galleries that do not manufacture like an ordinary production facility, so the model should be modified thoroughly. Jyrämä (1993, 16) also stresses the need to modify approaches and tools to understand better the internationalization process because of the characteristics of art markets.

Next the Luostarinen's internationalization process is explained in detail and adapted to the characteristics of art markets.

#### 3.1.1.1 Product pattern

Luostarinen (1979, 95-97) has classified the product variable in a manufacturing firm to physical goods, services, know-how and systems. Services differ from physical goods in four ways (Korhonen 1999, 35); services are less tangible, services are processes rather than things, services are produced and consumed at least partly simultaneously and the consumers participate in the production process of a service in one way or another.

Know-how agreements consist of technical, management and marketing know-how which can be either general or specialised (Korhonen 1999, 36). Systems are "unique total solutions to customer needs / problems consisting of both hardware and software elements" (Kosonen 1990, 76). A system is a combination of products, services and know-how (Korhonen 1999, 36).

The empirical studies on Finnish industrial firms indicate that companies tend to introduce different product options to international markets in particular order: physical good, services, systems and know-how (Luostarinen 1979, 95-104). Korhonen (1999, 37 & 40) concludes that both outward and inward operations follow the product pattern:

1) goods, 2) services, 3) know-how and 4) systems. The main product types are presented in table 4.

In theory this same product pattern is applicable for both outward and inward processes of an art gallery, although some remarks should be highlighted. Art pieces can be seen either as 1) non-durable and durable consumer goods or 2) investment goods. Although art galleries usually only sell art pieces, in theory they could also export services, know-how and even systems. Gallerists offer their know-how to their foreign customers, usually to market their own artists. Systems could be for example exhibitions (=”unique total solutions for customer needs”) or even events around exhibitions. However, it would take a lot of resources to produce such exhibitions abroad and as mentioned already before, most Finnish galleries are quite small with a staff of 1-3 persons.

Table 4: Main product types in a manufacturing company

|  |   |
|--|---|
| <b>Physical goods</b> <ul style="list-style-type: none"> <li>• Non-durable and durable consumer goods</li> <li>• Investment goods</li> <li>• Raw materials and intermediate goods</li> </ul> | <b>Services</b> <ul style="list-style-type: none"> <li>• Planning, supervising</li> <li>• Installation, testing</li> <li>• Training, development</li> <li>• Servicing, maintenance</li> </ul> |
| <b>Know-how</b> <ul style="list-style-type: none"> <li>• Management know-how</li> <li>• Technological know-how</li> <li>• Marketing know-how</li> </ul>                                      | <b>Systems</b> <ul style="list-style-type: none"> <li>• Turnkey deliveries</li> <li>• Co-production arrangements</li> <li>• Franchising packages</li> </ul>                                   |

Source: Korhonen 1999, 36, Luostarinen 1979, 95-97



### 3.1.1.2 Operation pattern

Korhonen (1999, 37-38) presents a classification for international outward operations according to Luostarinen's internationalization studies from 1970s (1970, 1978, 1979). The four listed categories are presented in the table 5.

Table 5: Classification of international outward operations

|                              | <b>Non-investment operations</b>  | <b>Direct investment operations</b>   |
|------------------------------|---|---|
| <b>Marketing operations</b>  | <ul style="list-style-type: none"><li>• Export operations for goods</li><li>• Service export operations</li><li>• Know-how export operations</li><li>• Project export operations</li></ul>                          | <ul style="list-style-type: none"><li>• Sales promotion subsidiaries</li><li>• Warehousing units</li><li>• Service units</li><li>• Sales subsidiaries</li></ul> |
| <b>Production operations</b> | <ul style="list-style-type: none"><li>• Licensing operations</li><li>• Franchising operations</li><li>• Contract manufacturing operations</li><li>• Turnkey operations</li><li>• Co-production operations</li></ul> | <ul style="list-style-type: none"><li>• Assembling units</li><li>• Manufacturing units</li></ul>  |

Sources: Korhonen 1999, 38, Luostarinen 1970, 11-23; Luostarinen 1978, 17-21; Luostarinen 1979, 107-112)

The order for both outward and inward operations is 1) non-investment marketing operations, then 2) direct investment marketing operations followed by 3) non-investment productions operations and finally 4) direct investment operations.

Korhonen (1999, 42) also presents a classification for international inward operations. As we can see from Table 6, the classification of international inward operations is almost the mirror-image of outward operations and they also develop in the same way.

Table 6: Classification of international inward operations

|                              | Non-investment operations   | Direct investment operations   |
|------------------------------|---|--|
| <b>Marketing operations</b>  | <ul style="list-style-type: none"> <li>• Import operations for goods</li> <li>• Service import operations</li> <li>• Know-how import operations</li> <li>• Project import operations</li> </ul> | <ul style="list-style-type: none"> <li>• Purchasing units</li> <li>• Warehousing units</li> <li>• Service units</li> <li>• Sales subsidiaries (established together with a foreign firm in Finland)</li> </ul> |
| <b>Production operations</b> | <ul style="list-style-type: none"> <li>• Licensing operations</li> <li>• Franchising operations</li> <li>• Project operations</li> </ul>  | <ul style="list-style-type: none"> <li>• Assembling units</li> <li>• Manufacturing units (established together with a foreign firm in Finland)</li> </ul>  |

Sources: Korhonen 1999, 42, Luostarinen 1970, 11-23; Luostarinen 1978, 17-21; Luostarinen 1979, 107-112)

The internationalization of the production stage is more difficult to comprehend in an art context, where the core production is done by artists (Jyrämä 1993, 10). The artists produce the art pieces, not the gallery, although the gallery might participate to the production costs (e.g. by financing frames, packaging or storage costs). However, in some cases, like in the case of photography, the photographs might be produced outside Finland, but even in this case the production unit is not owned by the gallery, but it is an independent company that serves many artists. Based on the information above, the following working hypothesis can be made: galleries' operations include only marketing operations, not production operations.

The scope of outward international operations shrinks in theory from concepts presented in table 4 to table 6 and the scope of inward international operations likewise from concepts presented in table 5 to table 7:

Table 7: Classification of international outward and inward operations for galleries

|                                     | Non-investment operations   | Direct investment operations  |
|-------------------------------------|---|---|
| <b>Outward marketing operations</b> | <ul style="list-style-type: none"> <li>• Export operations for art works (direct sales / exhibitions)</li> <li>• Art consultation to foreign countries</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Warehousing units</li> <li>• Own / co-operated galleries in foreign countries</li> </ul>   |
| <b>Inward marketing operations</b>  | <ul style="list-style-type: none"> <li>• Import operations for art works (buying foreign art works / importing foreign exhibitions)</li> <li>• Importing foreign art consultation to Finland</li> </ul> | <ul style="list-style-type: none"> <li>• Warehousing units*</li> <li>• Service units*</li> <li>• Sales subsidiaries *</li> </ul> <p>*established together with a foreign gallery to Finland</p> |

Sources: Korhonen 1999, 38 - 42, Luostarinen 1970, 11-23; Luostarinen 1978, 17-21; Luostarinen 1979, 107-112)

### 3.1.1.3 Market pattern

To identify outward internationalization market pattern, Luostarinen (1979) developed a business distance concept to measure geographic, cultural and economic distances between the home market and the market of a single target country. The greater the distance between the home market and the target country, the less the firm has knowledge about the country. Markets are grouped into four categories in order of likely entry (Korhonen 1999, 39) very close, close, medium distant and distant markets.

Luostarinen (1979) suggested that the location where purchases are made develops as follows (Korhonen 1999, 39) 1. domestic purchasing stage, 2. stage of purchasing foreign items in domestic markets, 3 stage of purchasing from abroad, starting from markets with short business distance and foreign purchasing stage.



Market pattern doesn't need to be modified because of the art market context. The differences between manufacturing firm and an art gallery are linked to the product and operation, not to the markets.

### 3.1.2 Inward-outward connections of Internationalization

Internationalization process literature introduces three intertwined aspects of inward-outward connections (Korhonen 1999, 48-52):

1. *Direction.* Inward-outward connections may occur in both directions (Luostarinen and Welch 1990, 186). Due to transferable experiences gained on the inward side, outward internationalization tends to be less demanding than without previous experience from inward internationalization. This can be seen e.g. business communication, methods of payment and understanding of Incoterms (Korhonen 1999, 50)
2. *Time span.* Inward-outward connections in internationalization are not sometimes not immediate and direct, but they may evolve over time, sometimes through a variety of mechanisms (Welch and Luostarinen 1993, 47). Furthermore, often one step must happen before another one can take place, e.g. import of raw materials before export of products (Korhonen 1999, 50).
3. *Visibility.* At the beginning of the internationalization process, inward-outward connections are quite visible because the connections are either direct or they are recognised by the managers. Later as a company utilizes a variety of outward international operations, the connections become more invisible (Korhonen 1999, 51).

### 3.2 The Network Approach

The aim of this chapter is to describe the network approach. This chapter begins by defining what is meant by networks and the network approach school. Then the Nordic internationalization network approach literature is shortly presented. After that, the stage and networking internationalization theories are compared. This is followed by a presentation of different perspectives of the inward-outward connections in order to help with understanding of the context where inward-outward connections emerge and develop to build ground for the proposed framework.

Korhonen (1999, 8) presented that empirical research conducted by Ford (1980), Tunrull and Valla (1986) and Hällen et al (1987) demonstrated that internationalization could be “a process of establishing, developing and maintaining lasting business relationships with customers, customers’ customers, competitors, suppliers, distributors, agents and consultants as well as with financial and other public agencies”. Elo (2005) defined internationalization of a firm as “an evolutionary process of developing business network, with a changing role of the firms within the network”. Johansson and Vahlne (1990) defined “internationalization as developing networks of business relationships in other countries”. According to them, a firm is embedded in a network and its internationalization process is linked to that of its networks, both domestic and foreign.

Jyrämä (1993, 15-16) defined internationalization of visual art market as “a process of becoming part of the international network or becoming a member of the international art world”. The network view supports the model of gradual internationalization process in which special emphasis to knowledge, experience and personal relationships, especially at the beginning of the internationalization process (Jyrämä 1993, 10). Networks in art markets are based on informal friendships and relationships even on the international scale and the same networks are used to conduct business (Jyrämä 1999, 159- 160). Jyrämä (1999, 160) concludes that the art field consists of networks structures that are based on social and business structures.

All these definitions support the view that internationalization does not take place without the existence of other companies (actors), but that it is a process of developing contacts to different actors that help the company to success in its business operations.

In fact, network view is not just one approach, but many different approaches that have been grouped under the term network perspective. Network approaches examine the interrelationships of companies in a formed network. Araujo and Easton (1996, 68-71) list ten different network schools which are 1) Social networks, 2) Interorganization theory, 3) Actor-network theory, 4) Network if Innovators, 5) Network Organizations, 6) Policy Networks, 7) Networks in Economic Geography, 8) Comparative Studies, 9) Entrepreneurship Studies and 10) Industrial Networks.

In Nordic internationalization research the focus has been on industrial networks, which has also been used to analyze the internationalization of firms (e.g. Johansson and Mattson 1988; Johanson and Vahlne 1990, 1992; Forsgren and Johanson 1992).

In the network approach, the system of exchange relationship between firms is described as a network (Johansson & Mattson, 1988). The specific firm is engaged in a network of business relationships with a number of different firms. Networked firms are dependant on each other and coordinate with other firms within the network. Coordination takes place through interaction between firms in the network, not through a central plan or an organizational hierarchy. Each firm has a role in the network, which characterizes its relationship to other firms. The position is defined by the (Johansson and Mattson, 1985, 185-195):

1. identity of direct and indirect counter parts
2. role of the firm in the network
3. importance of the firm in the network
4. strength of relationships with other firms

The network approach argues that internationalizing firms initially engage in a primarily domestic network and only after entering the domestic network will the firms develop



business relationships in networks in other countries (Johanson and Mattson, 1988). This can be achieved through establishment and development of relationships in foreign country networks that are new to the firm and through connecting the networks in different countries (Johanson and Vahlne, 1990).

Interactions within the network can help to overcome resource and international knowledge constraints, thus increasing the pace of development. (Tayeb 2000, 214). According to Johansson and Mattson (1988), this can be achieved through:

- 1) the establishment of relationships in country networks that are new to the firm thorough international extension; or
- 2) the development of relationships in those networks by penetration; or
- 3) connecting existing networks between different countries.

A firm's position in the network is a key factor to maintain and develop (Johansson and Mattson 1988, 298). They identified four types of firms and situations, where the degree of internationalization of the firm as well as the market influences the process. These are the Early Starter with limited relations with foreign firms and knowledge about international business, the Lonely International is a case where the firm is internationalized but the market environment is not, the Late Starter used its domestic network as a learning base for starting international operations and relationships in the home market may be driving force to internationalize. and the International Among Others is a firm that internationalizes when the environment or networks of business relationships are already highly internationalized.

The network perspective brings up the difficulties in formulating and implementing a strategy for foreign market entry. The model does not use conventional economic drivers to explain firm internationalization, but highlights the importance of social and cognitive ties which are formed between actors engaged in business relationships. It also stresses how ongoing interaction between actors, rather than strategic decision making, can shape the network structure (Johanson and Vahlne 1992, 9-27). In addition,

the network theory does not explain how companies manage to establish new non-network contacts, nor how companies have entered new growing markets (Bell 1995).

Björman and Forsgren (2000, 14) criticize the network theory by stating that “is not practical to understand internationalization and its predictions are vague”. They explain that researchers tend to include too many variables in their analyses and consequently, the possibility of drawing conclusions about the pattern of internationalization, in general or in individual cases, is rather limited. They conclude that “network theory points out that a firm’s behaviour is related to a more complicated web of relationships than is postulated in oligopoly models”. In other words, business relationships between two firms often include more dimensions than is usually assumed in economic analyses. Although this makes the network theory more relevant, it should also be noted that it makes the theory more difficult to use for predictive purposes.

The network approach is certainly suitable for studying the internationalization process of Finnish art galleries. However, the main aim of this research is to study the internationalization process and not e.g. relationships between firms or learning process.

In this research, the network approach is included in the research in the inward-outward connections of the Luostarinen’s “Holistic internationalization process of a firm based on the operation mode dimension” (Luostarinen 1994, 1999).

Luostarinen’s model Holistic model of internationalization (1994) takes network approach into consideration through the inward-outward connections. To understand how inward-outward connections emerge and develop, the network literature is here reviewed from the following perspectives:

1. Actors in networks
2. Relationships between actors
3. Positions of actors in networks

**1. Actors in networks** can be for example individual, a division of company, an entire company or a group of companies (Håkansson 1982). The level of analysis depends always on the phenomenon under investigation, but in the end it is always people in companies who interact with each other. In the context of inward-outward connections in art galleries, the actor can be for example be a single person (e.g. gallerist or assistant), the whole gallery as one entity, the artists, artists' other representative galleries, customers or many other persons.

The major objective of actors are to perform and control activities, to develop relationships with each other through exchange process and to base their activities on control over resources (Håkansson and Johansson, 1992). However, actors seem to be goal-oriented and they have different knowledge about activities, resources and other actors in the network. These networks are socially constructed, as different actors have their own perceptions. Johansson and Mattson (1992) argued that each network actor carries his own "network theory" which is dependent on the information exchanged through relationships.

**2. Relationships.** Business transactions usually take place within the framework of established relationships. The network approach describes markets as webs of relationships between multiple actors. Exchange relationships have to be established with others because labour is divided effectively into networks, and actors choose their counterparts according to the rules of market forces to sell their own products and gain access to external resources.

According to Johansson and Mattson (1988, 290), the establishment and development of relationships take time and effort. Although some new relationships are occasionally established while some old relationships are disrupted, most exchanges take place within earlier existed relationships. However, these existing relationships are continually changing through activities in connection with transactions made within the relationships.



Johanson and Mattson (1988) identified six types of bonds which develop over time between the parties:

- technical bonds, e.g. product and process adjustments
- planning bonds, e.g. logistical coordination
- knowledge bonds, e.g. knowledge about the counterpart
- social bonds, e.g. personal confidence and liking
- economic bonds, e.g. special credit agreements
- legal bonds, e.g. long term contracts

Easton and Araujo (1989, 12) discuss about the strength of the bonds. They make a distinction between a limited number of strong bonds which coordinate external resources with the company's resources, and weak bonds of which companies have countless numbers serving as communication channels. Johanson and Mattson (1985, 187) point out that today's weak bonds can be tomorrow's strong ones if enough human resources and time are invested to those relationships. In other words, the length of the relationship is hardly a reliable measure of its strength (Easton and Araujo 1989, 12), although it might indicate the underlying basis of the relationships. In the beginning, the relationship is based on organizational roles, while later, interpersonal relationships become more important (Ring and Van de Ven, 1994).

Moreover, companies can be distinguished according to their connectedness. Companies can be directly related or they can be mediated by a third actor with which the two have relationships (Easton 1992)

**3. Positions.** The position of a firm in the network characterises its relation to the other actors as a product of its history. Relationships are continually established, maintained, developed, and broken in order to give satisfactory, short-term economic return, and to create positions in the network, securing the long-term survival and development of the firm (Johanson and Mattson 1988, 473). Moreover, Johanson and Mattson distinguish between micro (relationship with a specific counterpart) and macro (network as whole

or a section of it) positions in the network (1988, 472). In tightly structured networks, the interdependence is high, the bonds are strong, and the positions of the firms well defined. In loosely structured networks, the bonds are weak and the positions are less well defined (Korhonen 1999, 57).

As mentioned before, the Nordic internationalization network approach is an expansion to stage theories stressing different perspective. Both theory groups have same roots which were already presented in the previous chapter 3.1. I will now concentrate to explain how the network approach complements the stage approach.

Table 8 presents a comparison of the internationalization and network literature:

Table 8: A comparison of the internationalization and network literature

|                          | <b>Internationalization literature</b> | <b>Network literature</b>   |
|--------------------------|--|---|
| <b>Overview</b>          | Long-term management process           | Long-term, cooperative  |
| <b>Basis of analysis</b> | Stages, decision making                | Multiple effects, nodes and threads, actors/activities, resources |
| <b>Issues</b>            | Learning, evolution                    | Position, hubs and control, evolution, change                     |
| <b>Approach</b>          | Single company analysis, normative     | Multiple company analysis, descriptive                            |
| <b>Unit of analysis</b>  | The company, usually a producer        | The network and relationships within it                           |

Source: Ford 2002, 229-230, which was adapted from Blackenburg (1995)

Ford (2002, 229) argued that the main difference between the network literature and the internationalization literature is that the internationalization literature saw the process as an outward extension of a single company' current operation and the outcome of its decision making. In contrast, network literature approach sees internationalization in relation with company's existing home or foreign relationships and as a process driven by interaction of all the actors in a network. Ford concluded that the complexity of foreign market development means that a company must continually review its actions

in ever-changing conditions which means that the pre-designed company-orientated strategy extremely difficult to follow. Ford (2002, 230) has observed some similarities and differences between the two approaches, but stressing that both theories look at the same problem (ibid, 233).

While stage models focus on the characteristics of an individual firm as the main driving force, network theory highlights the firm's business context. Firm's degree on internationalization also reflects the degree of internationalization of the business network in which it is embedded. Although a firm has most of its physical assets located domestically, it can still be an important actor in an international network. In addition, the definition of market knowledge is more specific in network model than in Uppsala stage model (Björman and Forsgren, 2000, 13-14).

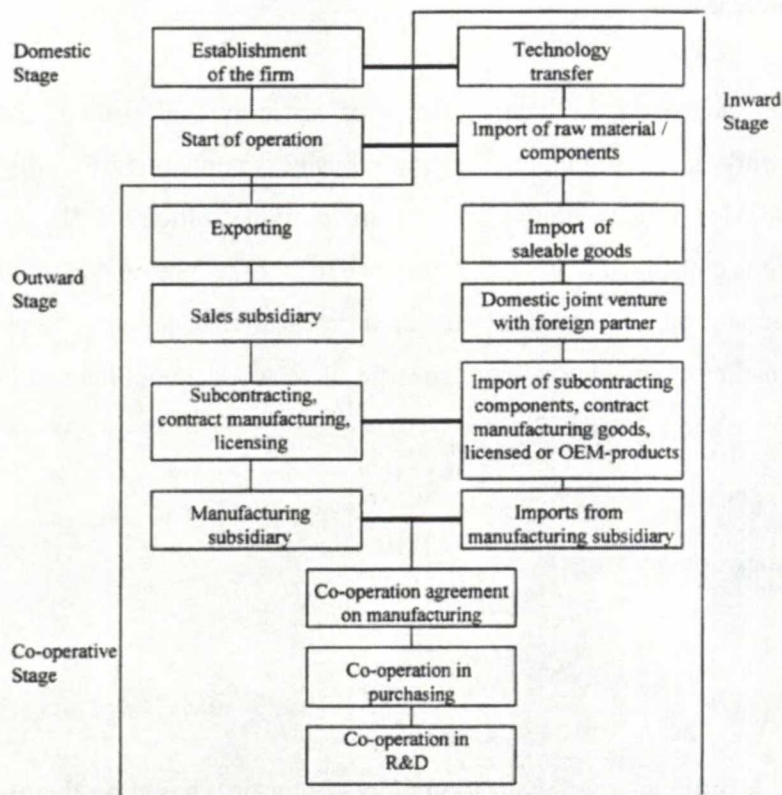
### 3.3 The Framework

#### 3.3.1 Introduction

The "Stages of the holistic internationalization process of a firm based on the operation mode dimension" was originally developed by Luostarinen in 1978. The concept describes at company level the internationalization process. It shows that internationalization is both a two-way traffic (inward and outward) and still a cooperative process (inward and outward simultaneously). The model is presented in Figure 3.



Figure 3: Stages of the holistic internationalization process of a firm based on the operation mode dimension

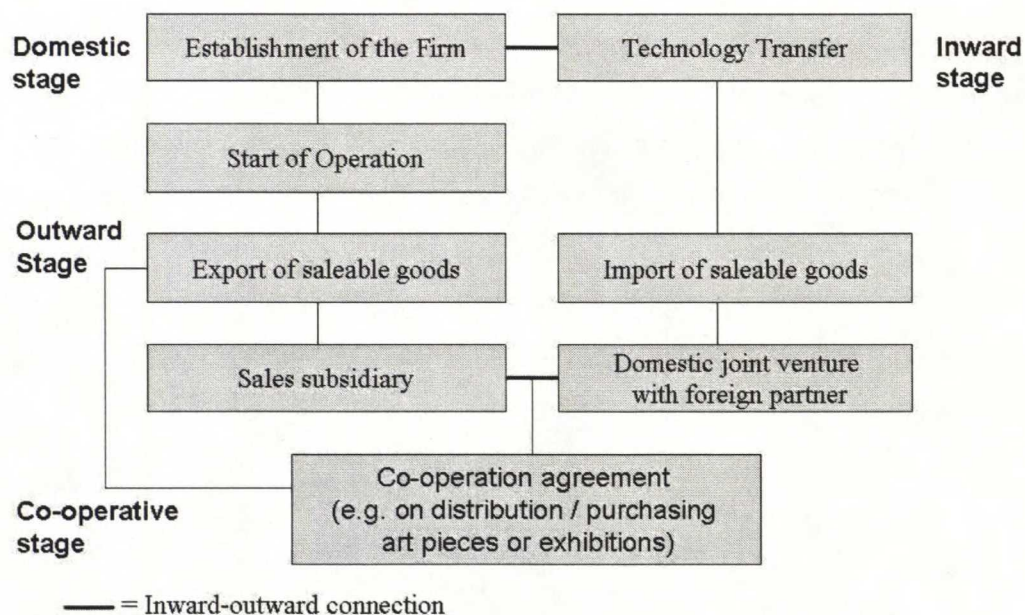


Sources: Korhonen 1999, 49; Luostarinen 1994, 19; Luostarinen and Hellman 1995, 8

In the following Luostarinen's "Stages of the holistic internationalization process of a firm based on the operation mode dimension" -model is reviewed of both the outward and inward internationalization processes from the perspectives of product, operation and market patterns. Then the new framework is presented and the framework describes the internationalization options of Finnish art galleries. The network concentrates only to describe the stages of the holistic process of a gallery (based on the operation mode dimension) and it does not include the network dimension explicitly. After analysing the model from product, operation and market consideration, the new process is

presented in figure 4 followed by a thorough explanation of its elements in section 3.3.2.

Figure 4: The holistic internationalization process of an art gallery based on the operation mode dimension.



Sources: Adapted from Luostarinen 1994, 19; Luostarinen and Hellman 1994, 8, Korhonen 1999, 49

### 3.3.2 Preassumptions related to the Framework

When a gallery is established or just before or after its foundation takes place, some level of technology transfer might be needed. Technology is defined as “a system of applied knowledge, expertise, skills and processes which combine inputs that enhance the conception, operating, marketing and business management capabilities of the firm.” Technology transfer is “a process of communicating and transmitting technology to

enhance the capability of the receiver through absorption and use (Al-Obaidi 1999, 319-320).

In this context, the technology transfer means how galleries have adapted business practices and processes from abroad. As an illustration of this, Jyrämä (1999, vii-viii) concludes that through isomorphic forces and by imitation, galleries conduct business in the same way in different countries. In other words, galleries and the way they conduct business in different countries are practically same all over Europe.

After the start of operation, the most successful galleries either start to export or import art pieces. Either way, they learn how to conduct business at an international level. Simultaneously, they try to legitimize themselves in Finland by introducing new works to their target markets thus improving their reputation and showing their innovativeness (Jyrämä 1995, 78). Through importing new art movements or art pieces a gallery gains reputation and climbs up in the pyramid of art market (Singer 1988, 27-40). Thus successful importing might help the gallery to become an elite gallery in Finland, even though the gallery make does not make a strong export commitment.

Exporting art pieces is also highly valuable for art galleries which want to gain reputation. Singer (1988, 27-40) points out that unlike in many other restricted markets where barriers to entry benefit sellers at the expense of buyers, in the art market buyers and sellers are both interested in maintaining restrictions. If galleries are accepted to the most important art fairs, they become part of the international network. Participation in art fairs increases the gallery's status (Jyrämä 1999, 126). Thus by participating to the most important art fairs, galleries can scale up the hierarchical pyramid of the art market. As mentioned before in the chapter 2.3., the hierarchical system helps to decrease the uncertainty related to the unique and non-objective valuation of works of art that is characteristic for art (Jyrämä 1999, 160-173).

After the exporting / importing stage, a gallery might try to open a subsidiary abroad or a domestic joint venture with a foreign partner, but there are not many examples of this operations even in international level. The obvious problem of establishing a foreign



subsidiary is that because art market is based on networks, the foreign gallerist should be able to build local network to the target market from abroad. Some rare examples are for example the Marlborough gallery (gallery spaces in London, New York, Madrid, Santiago de Chile and Monte Carlo) or the Chinese Contemporary gallery (London, Beijing and New York). Without strong international recognition and brand, the barrier of entry for foreign firm is often insurmountable. Thus foreign sales subsidiaries are extremely rare in gallery business, but maybe not completely impossible. For example, both the two international auction houses (Sotheby's and Christie's) have offices around the world, although the auction business differs slightly from gallery business.

In addition, at the cooperative stage, galleries could also create cooperative arrangements with other galleries. This could help e.g. to exhibitions of foreign artists to Finland or to split participation costs to the art fairs. However, it remains to be studied which operations modes Finnish art galleries have used to internationalize.

## 4 RESEARCH METHODOLOGY

### 4.1 Methodology

The purpose of this research is to study the internationalization process of Finnish art galleries from the company level perspective. The aim is to find out how Finnish art galleries have internationalized, why have they done it and what key actors exist in the international art field from the perspective of a Finnish art gallery. In addition, the role of managing relationships with key actors in the Finnish and international art market is discussed. It is assumed that the company-specific details affect the process, hence four different Finnish galleries of different sizes and development stages were chosen.

The study will be conducted as a multi-case study based on in-depth interviews of four internationalizing Finnish art galleries. The case study method is preferred when studying complex social phenomena, particularly in social sciences such as business research, and the causal links are too complicated to be studied with surveys (Yin, 1994). Qualitative data offers richer explanations of processes, allowing researchers to find new integrations (Miles and Huberman, 1994). Multi-case approach improves the possibility to generalize the findings of the study compared to single-case study (Miles and Huberman, 1994) and is advisable in explanatory studies such as this, with “how” and why “questions” (Yin 1994).

Subjective aspects have a major role within art markets and thus qualitative methods are needed to capture the essence of these subjective processes. Qualitative methods are also often recommended when applying existing theories, like Luostarinen's Holistic internationalization process based on the operation mode dimension (1979), to novel fields. In addition, the lack of quantitative data about the contemporary art markets and gallery business in Finland leads to use a qualitative approach.

Actual experiences and views of the actors will be used to complete the picture and understanding of the field's structure and the practices used. This study applies business

theories, namely internationalization theories, to the art field. Luostarinen's Holistic Internationalization model is used as potential framework to analyze the results.

#### 4.2 Research design

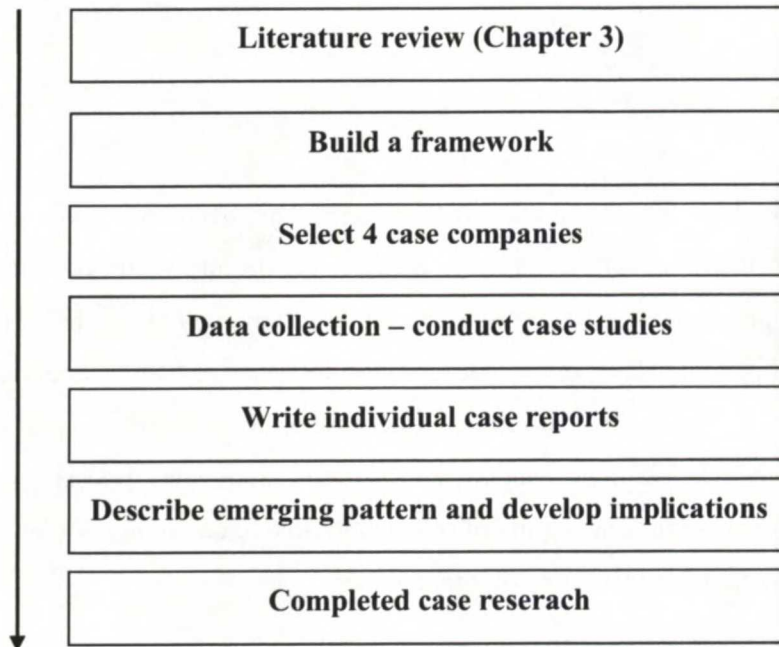
The primary data for the qualitative analysis has been collected from in-depth interviews from the gallerists, gallery workers, artists and other connoisseurs of the international art markets. The semi-structured interviews were recorded. The interviews started with open questions and in addition, the interviewer had an interview-form as a supportive tool to ensure that all relevant issues were covered (see appendix 1). Moreover, when available, financial data, articles and news releases were used as supporting information. The results of this quantitative data are not pooled across cases, corresponding to Yin's (1994) recommendations.

Yin (1994) argued that when developing or testing a theory, analytic generalisation, which uses previous theories as templates to compare the empirical data, is recommended. In this research, the proposed framework is a tool that helps to focus empirical study. Frameworks are continuously revised in qualitative research and reinforced making the study cyclical (Miles and Huberman, 1994).

To manage the research, a case study protocol was developed in the early phase of the research (see figure 4.1.) Yin (1994) stated that this is important when using multiple-case design. Miles and Huberman (1994) argued that even in inductive models frameworks and research questions are needed to focus the search.



Figure 4.1. Case study Protocol



Literature review as well as framework building has been described in previous chapters. In the following the other phases of the case study protocol will be explained in detail.

#### 4.3 Case companies

The case companies were chosen based on recommendations of Miles and Huberman (1984), Eisenhardt (1989) and Yin (1994). Case study methodology is usually considered to be most appropriate in the early stages of research (Eisenhardt, 1989), which is clearly the state of research on Finnish art market. Four companies were seen as a minimum number to be able to make generalizations, but on the other hand also in order to limit the amount of empirical data. The case companies were selected according

to both researcher's own knowledge as well to suggestions of researcher's own contacts on the contemporary art field, namely gallerists, curators and artists.

The criteria for choosing the case companies were as follows:

- 1) Finnish contemporary art gallery that has experience of the international art markets (art fairs, international customers)
- 2) Company has some known permanent focus on international markets.
- 3) Companies have different backgrounds and at least explicitly seem to be in the different phase on internationalization. This is measured by international activity and the artists they represent.

The case companies are:

- **Galerie Anhava** (Helsinki) which actively participates to the best international art fairs in Europe, but more recently also in US (Art Basel Miami) and which represent both Finnish and other Nordic artists.
- **Galerie Forsblom** (Helsinki) which represents established domestic and international artists and which also participates to many international art fairs.
- **Gallery TaiK** (Helsinki), which is a site-specific gallery without a permanent exhibition space, but which participates to international art fairs, organize museum exhibition under the title "Helsinki School" and help artists to get their own gallery exhibitions around the world. Gallery TaiK is a part of Helsinki University of Art and Design's Professional Studies program.
- **Galleria Ama** (Turku) which has a strong virtual gallery in the Internet representing solely Finnish art, but which has started during the recent years to participate to art fairs in Nordic countries.

#### 4.4 Validity and reliability of data

The quality of research is measured traditionally through Yin's (1994, 33) four tests: construct validity, internal validity, external validity and reliability (see table 4.1.) In qualitative research, there are no methods of testing the quality as with the quantitative research, so a new approach is needed. However, with qualitative research the main aim is to discover new information and to deepen understanding and not to develop mathematically strict and accurate information.

**Table 4.1. Case Study Tactics**

| Tests                     | Case Study Tactic  |
|---------------------------|--|
| <b>Construct validity</b> | <ul style="list-style-type: none"><li>• Triangulation was used meaning that multiple sources of data were gathered to research the same phenomenon and to examine the same dimension of the research object. (Patton 1990):</li><li>• in-depth interviews of gallerists, gallery workers,</li><li>• artists, other experts,</li><li>• questionnaire-forms,</li><li>• articles, and</li><li>• chain of evidence established</li></ul> |
| <b>Internal validity</b>  | <ul style="list-style-type: none"><li>• Pattern matching between preliminary conceptual framework and patterns found in this empirical study</li><li>• Data displays and matrix techniques used for qualitative research</li></ul>   |
| <b>External validity</b>  | <ul style="list-style-type: none"><li>• Literal replication by having four cases (Yin 1994, 48).</li><li>• Data displays, charts, figures are recommended to use if data is based on words rather than numbers (Miles and Huberman 1994).</li></ul>  |
| <b>Reliability</b>        | <ul style="list-style-type: none"><li>• Case study protocol (Yin 1994)</li><li>• Reporting the data collection and analysis process in detail in this chapter (Patton 1990)</li></ul>  |

Source: Based on model found in Yin (1994, 33), COSMOS Corporation



Some potential problems with construction of validity and reliability should be explained in detail. The phenomenon could have been studied from some other view point as well which could have produced somewhat different conclusions. In addition, the timing of interviews and the choice of interviewees might influence the results as individuals' responses are always subjective by nature. The major validity problems within this study are on the interpreting qualitative interviews in the way that the research objectives and the quality of the interpretation of the researcher are in line. However, the differences in views are of interest and perceived as means to gain better understanding of the research topic, thus they cannot be perceived as a problem in qualitative research.

The research themes are based on theoretical discussion and on previous research on the art field which guided the interviews and the construction of the research questions. It's also assumed that when the researcher has a good understanding of the field studied, of its language, practices etc, it will help the researcher to notice the essential and important aspects of the research phenomenon (Patton 1990).

#### 4.5 The data gathering process

##### 4.5.1 General principles

The data gathering process of this study can be divided into four phases:

1. **Preparing for data collection**, which included 1. discussion with the supervisor of this study, Dr. Annukka Jyrämä, 2. study of previous research on art markets and 3. discussion with key actors that were already well-known in the Finnish art market.
2. **Interviewing** including the interviews themselves and an **online survey** targeted to the artists. Four interviews were conducted in total. All interviews were conducted by the researcher in person, although one of the interviews were conducted as a combination of email questionnaire and additional meeting afterwards to gain supplement information.

3. **Data verification** was carried out by asking supplementary questions from the interviewees. This data verification improved the study's construct validity, since it enables the interviewees to correct the interpretations made by the researcher if needed.
4. **Composing the report** was conducted partly in parallel with data verification.

#### 4.5.2 Interviews – the main source of data

The main source of data was in-depth semi-structured interviews that on the one hand ensured the same structure for all interviews, but on the other hand allowed the interviewees freedom to fully report about their own experiences. Each interview lasted approximately one hour and was conducted in Finnish or English. Interviews were taped and later typed. Pilot interviews were conducted to improve the interview guide used. The interviews were conducted during the spring 2007.

#### 4.5.3 Online survey for artists

The researcher also wanted to collect artists individual experiences about their internationalization process as well as opinions about the internationalization of Finnish art galleries to have a more extensive approach to the research question. The basic idea of the questionnaire targeted to the artists was to more or less the same key questions from the artists as from the gallerists, to test if their viewpoint towards the research question are in line and to see if any kind of differences would between these two groups would exist.

The online survey was done by using [www.surveymonkey.com](http://www.surveymonkey.com) , an online survey tool that can be flexibly customized to any kind of research. As a reference more than 80% of the Fortune 100 companies use this online survey tool ([www.surveymonkey.com](http://www.surveymonkey.com)). The researcher had used it before in a case study couple of years ago and was familiar with the program.

#### 4.5.4 Researcher's Own Field Observations

Before and during the research, the researcher had worked for or been in touch with all the four case companies.

During the research, the researcher worked as the producer of Helsinki University of Art Design's project the Helsinki School which is part of the professional studies program of the department of photography. Gallery TaiK, is the name which the Helsinki School project uses in international art fairs. In other words, the researcher was able to follow throughout the research quite actively the international activities of one of the case companies.

In addition, the researcher had worked some 5 years as a part-time assistant for Galerie Anhava in different positions, while e.g. participating to two times to the international art fairs (Art Forum Berlin 2002, Art Copenhagen 2006).

In Art Copenhagen 2006, the researcher also followed Gallery Ama's activities while working in the stand next to it in another stand.

The researcher had also followed the activities of Galerie Forsblom for more than 10 years and also done some small jobs for the gallery in the past.

These observations enabled the researcher to test whether the information obtained in the interview was confirmed by existing practice. Researcher's own involvement in the Finnish art market helped both to conduct interviews easily with existing networks as well as to achieve a greater understanding of art field's practices.

#### 4.6 Data analysis

The interviews with Galerie Anhava, Gallery Ama and Gallery TaiK were taped and typed up later word for word, or through main points. The interviews with Galerie



Forsblom was done first through email by sending the preliminary questions via email to which the interviewee Director Frej Forsblom answered with an email. After that, the researcher made some additional questions to the interview via face to face meeting to cover up some topics that required more in-depth information. This interview process was done because of a specific request from Mr. Forsblom who was travelling extensively during the gathering process of empirical data.

The data was viewed in relation to the interviewees' positions to understand better the differences. As mentioned in the previous chapter 4.5.3., the researcher himself worked as a producer of the Helsinki School project / Gallery TaiK with Timothy Persons during the time of the research and was able to follow and participate to the activities of Gallery TaiK throughout the research. Thus the gathered information was also compared to the researcher's own observations, meetings, articles and daily discussions with actors of the Finnish art market in day-by-day meetings. Discussions with connoisseurs of the Finnish and international art markets were conducted to test the validity of the analysis. This helped to create a more comprehensive picture of the research questions.

The interviews were structured by themes, even though the researcher used a list of key questions grouped according to the main themes as a support to lead the discussion. The themes that emerged during the interviews as well as some other discussions with the interviewees after the interviews, were included as they arose from discussion and were perceived as important. For example, the researcher included some important additional remarks that both Timothy Persons and Ilona Anhava made about the key actors, e.g. the important role of the publishers to the internationalization process after the main interviews had taken place.

The data was first broadly analyzed along the research questions. The data was viewed in relation to the interviewees' positions to understand better the arising differences. Also some surprising themes emerged from the data, e.g. the international recognition was not seen as important as the researcher had anticipated before the interviews. Moreover data from newspapers and personal discussions with artists seemed to support

this view. These empirical themes were then viewed in relation to theories and previous data. The findings and conclusions were compared to previous studies and different theoretical concepts. For example, the research question about how Finnish art galleries have internationalized were analyzed through both the stage and network perspectives. In other words, the data analysis was conducted in contact with the theoretical base.

The analysis of data was first done on each interview separately. Then each case company was compared to other companies and similarities and differences sought. Finally the results were compared with the research questions as well as artists' opinions about the same topics.

The online survey to the artists was done by using [www.surveymonkey.com](http://www.surveymonkey.com) , an online survey tool. Appendix Y presents an example of the survey, including the results. After writing the first list of questions to the artists, the researcher made one test interview to two artists to test if the questions were clear enough and to ask if some important aspects of the internationalization from the artists' point of view would have been neglected. According to the feedback, the number of questions was cut down and some were rewritten to avoid misunderstandings. After building the survey, the researcher asked three other artists (different from the previous two) to make the interview and asked feedback. This time, according to the artists the questionnaire was "well-structured, clear and short enough". After considering the feedback from the three artists, the researcher contacted the Artists' Association of Finland (AAF) to ask if they could help by sending a link to the survey with a short message explaining the background of the study to their members via email. The Artists' Association of Finland is a joint organisation representing the Finnish Painters' Union, The Association of Finnish Sculptors, the Association of Finnish Printmakers, the Union of Artist Photographers, MUU and the Union of Finnish Art Associations (comprising 40 local associations). The Artists' Association's has some 2300 members, which are all professional artists. According to the AAF, the link to the survey was sent to all 2300 professional artists in Finland through the local associations. As a result, 75 of them answered to the questionnaire.

Numerous quotations from the interviews are presented to enrich the description and analysis. If only one quotation is used, it was perceived as the most typical one; if various quotations are used, they aim to present different sides of the same question. The quotations both show how the findings and conclusions were made from the data as well as justify the interpretations. If the interview was done in Finnish, the Finnish quotations are translated by the researcher.



## 5 EMPIRICAL FINDINGS AND ANALYSIS

This chapter is divided to two parts. The first part of this chapter begins by presenting the internationalization process of the each four Finnish contemporary art galleries, their differences and special results in the context of the different companies. The second part of this chapter completes the analysis of the galleries' internationalization process by adding the artists' point-of-view to the research. Together, the interviews of the gallerists and the online survey of the artists, contribute to execution of a more multifaceted analysis of the research topic.

### 5.1 Individual case descriptions

#### 5.1.1 Galerie Anhava

Galerie Anhava's interview was conducted via face to face meeting with the gallerist Ilona Anhava and the gallery employee Hanna Huuskonen. All quotations are from Ilona Anhava.

Galerie Anhava's program concentrates on international, mainly Scandinavian and Finnish contemporary art. Galerie Anhava was founded 1991 and in 1997 it was merged with Galerie Artek, a pioneer within contemporary art in Finland since 1935. The gallery employs 3 - 4 persons. The gallery organises some 10-15 exhibitions a year. The turnover (including only the sales provisions) have been during the last three years from 400.000 to 700.000 euros, so the annual fluctuation is considerable. However, especially the sales to foreign customers have increased substantially recently. Since 2000, the volume of sales to foreign customers have increased from some less than 25.000 euros to 250.000 euros

Gallery's main customer groups are private collectors and buyers as well the institutions. The institutions – mainly museums and foundations - also buy different kind of art than the corporations and private people. Institutions might buy more expensive works or large installations that the private buyer would rarely buy.

In Finland the art market continues to be relatively small. Although different galleries often concentrate on different kind of art and might have a niche of their own, there is tough competition between the galleries for the limited amount of big customers.

*"Our main competitors in Finland are the most successful galleries...  
The only other very successful and serious international gallery in  
Finland besides us is Galerie Forsblom. "*

The gallerist defines the internationalization of an art gallery as follows:

*"In practice internationalization means that we try to represent our  
artists in the international art markets and help them to present their  
works in different arenas. We do this by contacting of our customers in  
multiple ways; inviting people to our exhibitions and fairs, sending them  
brochures and catalogues etc."*

The internationalization of Galerie Anhava has taken place in different phases and it's a result of a long-term commitment. The internationalization strategy has been based on operating through art fairs, which have helped the gallery to create vital connections. The gallery has also sometimes organized non-commercial special projects nearby the art fair locations to raise more interest, like in Art Basel / Miami couple of years ago with a Tea Mäkipää's outdoors installation. The successful participation to the small fairs, expanding network which has led to a situation where the gallery has been able to get better and better foreign artists to shows up in the gallery and this new upgraded position has helped the gallery to improve its status.

The internationalization started in early 1990s when the gallery participated for the first time to the Stockholm art fair. At that time, it operated completely independently. It took the gallery the whole 1990s to achieve an independent and established position at the Swedish market and create a sufficient customer base. Since 2000, the gallery has tried different art fairs all over Europe to find the ones that match best to the gallery's own profile. Sometimes this has only meant of trying a fair only once or twice before withdrawing from that market. Moreover, the personal contacts gained from the art fairs have helped the gallery to organize exhibitions of foreign artists in Finland. The gallery has one gallery in Denmark and another in Iceland with whom Galerie Anhava cooperates to exchange exhibitions, help in transportations etc.

*"This (internationalization) has been a long road for us. However, little by little we have been able to get to better and better fairs and expand our network. There is a strong hierarchy between the fairs and the best fairs with the best galleries and most interesting artists attract the best collectors."*

The role of international art fairs is very important in the international art sales. Internationalization also takes place inward by getting exhibition invitations to the gallery's own artists or by organizing exhibition of foreign artists to Finland. Although the website and the catalogues create credibility, in most cases the customers would like to see the works before buying.

*"The art fairs are essential! People can see the works with their own eyes. Art fairs attract important key actors and customers ...The single most important factor in art business is to get the contact. Without personal contacts one can only try to advertise, but it doesn't usually pay off very well."*

The main motivation to internationalize, both inward and outward, has been twofold:



*"Our long term goal is to earn our position as a fine and internationally respected art gallery. The second more specific goal is to help our artists to establish themselves to the international art markets...We do not measure our success in art fairs solely by the sales, but also by gaining exhibition invitation to our artists and getting significant media coverage for the artists and through the artists to the gallery...In short, we would be pleased to see how our artists and how our gallery become serious actors in the international art markets."*

The gallery's own artists have responded very positively to the internationalization of Galerie Anhava. They have been pleased to have the opportunity to show their works abroad and get new exhibition invitations. However, the internationalization also raises new challenges for the artists. In this process, artists can be compared to the production unit of a manufacturing unit. If the sales increase suddenly, the manufacturing has to adapt to the increased demand:

*"When the international sales suddenly increases rapidly, many artists have some "growing pains" to adapt to that situation. In practice, this means that they should rapidly learn how to create and produce new interesting art works with faster pace than before...Some of the older artists who have got used to have an exhibition in Finland just every two years especially face often some problems to keep up with the pace. The younger ones do not expect to breakthrough so fast and they might feel that they might have problems to control the production process of an art process. Thus most of the artists need a lot of support when they start to internationalize and we try to help them."*

The Ministry of Trade and Industry used to support art exporting by paying half of the specified participation costs to the art fairs. This support included the transportation costs as well as the fair stand fee (= participation fee). However, the Ministry of Trade

and Industry ceased to support export since according to their calculations, the art fairs did not create enough export revenues.

*"They just watched the direct sales from the fairs and that was it. However, in art business it might take years to develop good customer relationships and trust...Moreover, by helping Finnish artists to get foreign exhibitions which generate income for the artists which they wouldn't make otherwise, these sales revenues return to the government by increased tax incomes."*

The gallery uses several marketing tools to attract foreign customers. The ones mentioned were:

- a. direct emails, invitation cards, catalogues and phone calls to the customers depending on the estimated potential of the customer contact
- b. advertisements in good art magazines to build the gallery profile. Although these advertisements are expensive, they were considered to be needed to establish the gallery in the minds of the art scene
- c. international art portals that generate income through customers contacts and sales as well as work as a forum to exhibit the gallery profile.

Although the gallery has been successful in international art markets, the domestic customers have not acknowledged this success as much as the gallerist had expected:

*"We have got surprisingly little benefit through our international success. Mainly this is because we sell mainly photography abroad and Finns do not buy photography that much. Only 15% of our total sales of photography are domestic. "*

The gallery also exhibits more photographs abroad compared to the domestic exhibition program that include paintings, sculptures, photographs, media art and installations. However, as Mrs. Anhava explains, photographs offer many benefits compared to the paintings for example:

1. The reproduction of a photograph in a catalogue imitates the original art work much better than a painting. Thus one can sell a photograph through a portfolio, website or catalogue which one can rarely do with a painting or a sculpting.
2. Most photographs have editions, so one can sell the same photograph multiple times from the same wall. This makes it also more cost-effective for an art gallery to exhibit photographs in an art fair.
3. Curators find photography as an easier form of art to work with, since curators know that if they want to get a specific piece of photography to an art show that they are curating, they most certainly can at least get an A.P. (artists proof of the photography).
4. Marketing materials, e.g. catalogues or books do not get outdated as fast as other type of art, since one can use the same marketing material for a longer period of time.

The gallery has also had some obstacles in their internationalization process. The main problem has been the lack of public financial support to export art works. Furthermore, the gallery and the artists have been obliged to apply individual grants for each venue. The response for the application might take months and one can never count on to get the support. This makes it very bureaucratic to get financial support. Moreover, if a gallery gets financial support, the support usually covers only a small portion of the total participation costs, e.g. for an art fair.

*"The international art world is very small community and this small community communicates actively. With more funding we could participate to more fairs and organize more events, but the lack of financial support slows down this process."*



Galerie Anhava has had only few major problems with international sales. The customers only receive works when they have been paid and written agreements with the exhibition partners help to avoid problems with foreign galleries.

Although the gallery has been quite successful, it has not done any written plan or wrote down any strategy how to go ahead. The gallery has neither used any consultant, outside expert or board member to advise them with internationalization nor they have had any sponsors. In a nutshell, the internationalization in art business from Finland has been a lonely and long process.

The gallerist expects the business to grow in the near future, but expects this to happen mainly outside Finland. The gallery is already planning to extend the exhibition times in Finland to concentrate more resources to foreign operations.

*"A better preparation to the international exhibitions will pay back. In addition, we should find more time to travel and to meet the key actors, but all this is dependent on sales."*

Finally, the gallerist lists some proposals how the government could contribute both to activate the Finnish art market and to support the export potential of Finnish art galleries:

- a. More financial support for exporting. Export pays off to the government when the increased foreign sales come back to the Finnish government either through the Finnish gallery and/or through the artist's increased revenues.
- b. The value added tax of art dealing should be lowered. This could activate the domestic art market.
- c. Like in Denmark, there should be a system in Finland that the government automatically pays part of the costs related to fair participation costs. This would reduce the bureaucracy, increase the

volume of art trade and bring in the end more tax revenues for the government.

- d. In some European countries, like in the UK, the government has promised to back-up small loans related to art buying thus allowing people to pay smaller interest rates. This new policy has activated the art market, when more and more people have found it possible to buy art. Also artists have received their portion of the sales faster, when the credit period has decreased.

#### 5.1.2 Gallery TaiK – the Helsinki School project

Gallery TaiK's interview was conducted via face to face meeting with the director of the gallery, Mr. Timothy Persons.

Gallery TaK differs distinctively from all the other case galleries by being a university-based gallery which does not have a permanent gallery space. The gallery is tied up with the Professional Studies-program of the University of Art and Design Helsinki. The program helps artists to get into the international art market by participating to the major international art fairs, organizing museum exhibitions and helping to get gallery shows. The program aims to teach and assist the artists to operate in the international art market. The university itself refers on its homepage to the gallery as follows:

*"The mission of Gallery TaiK is to promote talented students of the University of Art and Design further in their career already during their studies by assisting them to operate in professional arenas. Gallery Taik is the only university gallery in the world participating regularly in leading trade fairs, such as the Stockholm and Berlin art fairs.  
([www.uiah.fi](http://www.uiah.fi))*

Besides participating to the art fairs under the virtual Gallery TaiK, the artists are gathered together in extensive exhibitions travels around Europe. These exhibitions are

presented under the title “the Helsinki School”, although the term does not refer to an artistic movement or a group of artists who would work distinctively with a similar way. Although without few exceptions all artists work with conceptual way and there are some similarities with different artists, the real common link between all artists is that all who have attended to exhibitions, have graduated from or have been teaching at the University of Art and Design.

Timothy Persons himself refers to the Helsinki School as follows:

*“The concept of "The Helsinki School" is not defined by a specific discipline, nationality or geographic region. It represents an approach, a way of thinking that has evolved out of a process of teaching at the University of Art and Design, where each generation is given the chance to invent themselves.”*

Although the University of Art and Design has participated to the Stockholm Art fair already 1979 under the title “Gallery TaiK”, the more active phase started in 1996 when Timothy Persons was hired to the Professional Studies Program.

Since then, both Art Forum Berlin (since 2000) and Paris Photo (since 2002) have been included to the Gallery's exhibition program. The gallery presents both contemporary photography as well as video art. In addition, under the Helsinki School concept, there have been often about 3-6 exhibitions, of which some are run simultaneously.

Timothy Persons estimates that the annual turnover is approximately 300.000 euros. The customers are primarily major international collections, museums and institutions, although only rarely Mr. Persons sells anything to Finland. As 95% of the works are sold to foreign customers, the gallery is clearly very international. Main competitors are foreign galleries that concentrate on photography. However, Mr. Persons stresses that his concept is unique in Finnish terms.



*"Gallery TaiK is university-based, it's virtual and mobile. There is no other Finnish gallery that does business like me. I have an office in Berlin which I use as my show room to present the works to international customers".*

Mr. Persons sees internationalization of a Finnish art gallery as natural step to move forward. According to him, the internationalization can and should happen in both directions, inward and outward. Outward internationalization includes art fairs, cooperation with foreign galleries to change exhibitions and to recommend artists, working with foreign curators, museums, foreign publishers to have good books about your "own" artists etc.

*"Internationalization is a ridiculous term...I wouldn't use that, since any ambitious gallery should be international."*

*"You can bring classic foreign artists to Finland, the so called "Blue Chips" (term refers to stable and most certainly sellable artists). That's possible."*

According Mr. Persons, the Finnish art market continues to be small and disconnected from the international art market. He highlights the importance of independent curators to introduce Finnish art scene abroad, but always to bring more interesting artists to Finland:

*"Finland is an outsider. There is no market in Finland. Let's take the example of painting. In Finland, there are only a few painters that create interest outside Finland, like Robert Lucander (in Germany), Mari Sunna (in the UK) and a few others. ...The Finnish art market will only start to change when we will create a core group of young curators in Finland. That's what we (=the Finnish art market) lacks right now".*

Gallery TaiK's internationalization has taken place in different phases. The more active internationalization process started in the Stockholm Art fair in the 90s and it took years to build up the good image. Mr. Persons was able to get into the Art Forum Berlin in 2000. At that time, Gallery Anhava and Mr. Persons cooperated in international art fairs to help both parties to attract customers and which also helped to split the participation costs to the art fairs. At that time, the public funding to the cultural exporting was very limited.

Mr. Persons stresses that the internationalization through art fairs should be based on carefully planned strategy. To be successful, the gallery should have a clear internationalization strategy which is based on solid exhibition program with interesting artists that show the fair exhibition committees that the gallery is ambitious. Unlike in some other businesses, a gallery cannot just buy space from a good art fair, but it must earn it by years of high-quality exhibition program. In practice, that means that a young (Finnish) gallery cannot immediately buy a stand from the most respected art fairs, like Art Basel, but it must work through smaller art fairs to climb up the ladders.

*"Art fairs are essential!...The way the art market is structured is that there are A fairs, B fairs and C fairs. Most, 99%, couldn't get into A class fairs which are Basel, Miami Basel, Frieze, Armory and so on. A minus fairs are Berlin, Cologne and Arco in Madrid... However, the appreciation of art fairs change all the time. E.g. Cologne and Brussels fairs are going down whereas Düsseldorf is coming up. The appreciation of an art fair depends upon the director of the fair, credibility and strength (=purchase power) of the market."*

During the interview, Mr. Persons emphasizes the importance of personal contacts as the one key factor to succeed in internationalization:

*"To be honest, the whole internationalization is based on personal networking". "The network is the most important!... When people see your face, you are associated with those events, also with the collections*

*that are on those events. Therefore you can speak with them (key persons) on first name basis, people who are really players in the "game"... The mystery with the whole market is based on who you know to make sure to get into the right parties. "*

The second step in personal networking is to learn how to manage and utilize them. Without active and regular communication to the networks outside Finland, the underlying benefits of meeting people does not come true. However, this constant communication and travelling takes a huge amount both financial and human resources. However, when it succeeds, it starts to create more and more benefits:

*"And what happens, it's all about coordinating the interests. You have a collection that needs to find a place for a show and you happen to know where that place could be. You start to trade. It is like in any other business. You trade a favour there, you get one here. It's like a big dance. You have to see how you can choreograph that dance. "*

The gallery's internationalization strategy takes place through different actors. Art fairs and gallery shows bring revenues, but museum shows, cooperation with publishers and curators legitimize the artists. In addition, the gallerist welcomes the attention of critiques, important collectors and art journalists as well the appreciation of other artists. A great artist should be able to raise interest among all key actors to legitimize him/herself.

*"It's not just selling arts! It's not what you have on your walls, it's about making and developing the connections with museums, publishers, curators, collections etc.... When some museum calls me and asks if I can write an introduction to some catalogue very fast, I always say YES! You must find the time. I have a 13.000 euros phone bill. I call them (key actors) all the time."*



*"You have to be able to succeed in both markets. You have to succeed in sales and you have to succeed in bringing your artists forward in right venues and right forums. Without personal contacts to the right persons this is very difficult. For example critics are tricky. You can't buy them, but what you can do is that you can tip them off some specific artist, even though they are not your artist. Be gracious."*

Mr. Persons own strategy is based on the constant communication with all those key actors in different countries. In particular, Mr. Persons stresses the importance of good connections with the publishers.

*"When I started I thought it's enough if I get the artists into the international art galleries. I was wrong! That's only one part, but it's not enough. If I say that the artist is good, it's not enough. You need e.g. a publisher to publish a book with the artist's images so the whole world can see that the art is appreciated."*

Mr. Persons admits that it's quite demanding for Finnish galleries to get into the international markets which in practice would mean that the gallery and its artists have been noted by all those key actors. However, according to Mr. Persons, with a solid strategy, a young Finnish gallery can break into the international markets by 5 years if everything succeeds.

*"You can do it (to become international gallery), but you have to build it slowly... You have to choose the right fairs and the right artists. You need a reputation so you can make any turnover. You have to cut your costs on any possible way and you would be better to know your material inside and out, forward and backward."*

Mr. Persons claims that at the moment most Finnish galleries do not operate with such a level that they could break through to the international market. According to Mr.

Persons, the lack of Finnish galleries in the international art scene can be explained by the lack of required management skills:

*"Galleries need to find a whole new level of professionalism. They don't even know how to apply to get into an art fair. They have no strategic clue how they combine artists together. They wonder why their strategies don't work out, but in many cases, they don't even have any strategy. "*

*"They think about selling works from the wall without promoting an artist's career. It's about creating a dialogue between the artists, to make the works and the artists to communicate with each other that make sense."*

Moreover, the galleries do not have the yet the experience how to market and sell the works to the really big collectors:

*"When you make any fair, every wall represents a certain amount of money that you have to pull out from that wall. In Art Basel, every wall should sell from 50.000 euros to 100.000 euros worth of art. In smaller fairs, it's from 5.000 to 10.000 euros. You set a goal. You don't put things on the wall that cannot sell. You never sell one, when you can sell ten. The wall is only the window, the portfolio is the bank. You have to know how to move the viewer from the work to the portfolio. "*

*"In most cases the main goal of Finnish galleries is to cover their costs, but that's not good enough. They should think what my plan is for this year and how am I going to link that to my next years plan and leap frog that to my 3<sup>rd</sup> years plan. Each year has a new goal. And if you fail, you have to evaluate what you did wrong. "*

Mr. Persons openly admits that he done a lot of expensive mistakes and still does those. One of the most common problems in art fairs is to choose artists that don't sell in that

specific market. Next year one should learn from the mistake and try something else. Mr. Persons also points out that the gallerists should pay a lot of attention to their artists' portfolios. Portfolio equals the artists product line, so if the quality of the artist's production match the international standards, the gallerist should point this out openly to their artists and challenge them to improve through feedback:

*"I gamble on artists. If you take a potentially upcoming artist and choose wrong, it's a financial disaster. I've done that many times... Also many artists' portfolios are weak. They have one body of their work and that's not enough. That's gallery's mistake if they don't control that. "*

The lack of financial support has been one of the main obstacles to internationalize. In addition, a gallery, like any company in some other business, faces new challenges when it starts to operate in international level. Thus it should also develop its management systems to match the expanding business environment. E.g. an internationalizing gallery should pay a lot of attention to customer management, management of accounts payable and learn how to do international transportations.

Furthermore, from the domestic market point of view, Finnish galleries are not in good position to internationalize. The home market is small and the public support to art exporting has traditionally been poor compared to the other Nordic countries. Mr. Persons agrees that the latest steps to support cultural export increasingly sound good, but he would hope to see more changes in the future:

*"The VAT of art sales should be in the same level as with the biggest competitors Germany and France. Government should support half of the total participation costs. Then you can compete with the competitors. We can't compete with Danish galleries fairly, since the government is paying for their stands. "*

The threat of not supporting Finnish galleries is obvious. If the Finnish galleries do not have the resources or are not in the same level with their competitors, the foreign



galleries will pull out the most interesting Finnish artists from them. Financially speaking this would mean that the galleries would lose their opportunity to earn from their long-term investments to their artists.

*“The big fish eats the smaller fish. International galleries will take the Finnish artists when they will become famous enough. The secret is to be always branding. When you have a promising artist, you connect him/her to a good existing artist. “*

### 5.1.3 Galerie Forsblom

Galerie Forsblom's interview was conducted via email and supplement questions via face to face meeting with Director Frej Forsblom.

Galerie Forsblom is located in central Helsinki where it has operated since 1997 in two exhibition spaces. The larger space concentrates on international artists as well as prime Finnish artists. The street level space presents small introductory shows for international artists not yet that well known in Finland as well as shows for Finnish artists. Altogether in those two gallery space Galerie Forsblom organizes some 20 exhibitions per year. Gallery Director Kaj Forsblom, started his first gallery in 1977. He was joined by his son Director Frej Forsblom in 2004, who came from running his own gallery in Turku, Finland.

Both by turnover and by number of staff, Galerie Forsblom is the largest Finnish art gallery. The turnover has been around 1.7 million euros per year for the last years and the gallery employs 7-8 persons, although some part-time. It should be noted that the gallery's turnover includes only sales provisions, so the gallery has sold art worth around 3 million euros during the last years.

The main customers are private collectors, museums and companies, although Mr. Forsblom didn't want to disclose the percentage of sales of these different customer

groups. The gallery operates actively in the international art market, and thus already 50% of the sales is generated from sales outside Finland. However, Mr. Forsblom admits that the gallery's main competitors are both in Finland and abroad, although he did not want to mention any names.

The internationalization started back in the days as inward internationalization by organizing foreign exhibitions to Finland. This slowly led to situation where the company was ready to start to participate also to international art fairs. However, Frej Forsblom states that there are many ways for an art gallery to internationalize:

*"The most important factor for success is to create an interesting and solid exhibition program that is also commercially profitable."*

*"Our Internationalization has taken place in several phases. In general, there are multiple ways (for an art gallery) to do it; organizing exhibitions of foreign artists to Finland, cooperation with foreign galleries, cooperation with international curators and museums and participation to the international art fairs through an own booth."*

Galerie Forsblom's internationalization strategy has been a combination of utilization both inward and outward internationalization to show commitment to be a notable gallery. As one of the latest examples, Galerie Forsblom organized an exhibition of Manola Valdes to the both spaces of the gallery for the summer 2007. Moreover, the exhibition stretches outside the exhibition spaces to the boulevard next door where dozens of statues from the same artist are exhibited at the same time. Although the works are not for sale, they help to create more interest towards the sales exhibition.

Galerie Forsblom participates to some 6-8 international art fairs per year, including some stable and old art fairs in Europe, like Arco in Madrid. In addition, in 2007, the gallery has also tried it wings in art fairs in Dubai and Moscow. Artists in general have been pleased with Galerie Forsblom's international operations. The responsibility of the

international operations lies in the hand of two to three persons. The role of international art fairs is significant both for the gallery as well as the exhibited artists:

*"Most our foreign sales come from the international art fairs...The artist can't internationalize without getting his/her works to an exhibition or an art fair where some important key actors can see artist's work with at first hand."*

The gallery operations at the moment are so stable, that the gallery's main aim in international business is just to stabilize and maintain the existing customer contacts. The only marketing efforts worth mentioning are that the gallery works with direct marketing channels (invitation cards, phone calls etc.) and advertisements in international art magazines.

Mr. Forsblom measures the gallery's success in international art fairs in two ways:

*"Sales are the most important way to measure success in art fairs. In addition feedback and response from our colleagues (other gallerists) is very important."*

According to Mr. Forsblom, the key actors that can help a gallery to internationalize are other galleries, press, artists, and important collectors, both institutional and private ones. They all have an important role in the internationalization process, meaning some help to legitimize the artists and their works whereas the collectors and buyers bring the income.

Although, the gallery has worked actively to become an international art gallery, the government or public funding top support the internationalization has been very limited:

*"We have only received some small grants to support the transportation costs"*



Despite the limited public support, the gallery has been able to utilize their international experience and reputation in domestic markets to attract customers. In addition, Mr. Forsblom states that they have not really have any major obstacles in their internationalization process nor have they had any problems with international business. Although Mr. Forsblom, gives the impression that the internationalization has not been too difficult recently, the gallery has neither done any strategy about their internationalization nor have they used any outside consultants or experts to help them with the international business or internationalization process. In addition, the gallery has not had any partner or sponsor to support their internationalization process.

According to Mr. Forsblom, the future seems rather bright for the gallery business. He expects a sales increase of 15% in 2007, but does not want to forecast how the situation might look like in the next three years time. However, Mr. Forsblom points out that although they are now doing pretty well, the Finnish art market and art export would need additional support from the government or other sponsors.

#### 5.1.4 Galleria Ama

Galleria Ama is a contemporary art gallery located in Turku, Finland. The gallery was founded in 1998 by the gallerist Virpi Wuori-Valtaoja as an online-gallery and the physical exhibition space was opened in 2000. Compared to the other case galleries, Galleria Ama is much younger and in a different phase of internationalization than the other more established case galleries.

Ama's exhibition program concentrates on contemporary Finnish art including paintings, graphic arts, sculptures and installations. The gallery has exhibited photography and video art only a few times, but with limited success. The gallery organizes some 12 exhibitions per year, each lasting exactly 4 weeks. The gallery is closed in July.

The gallerist Virpi-Wuori Waltaoja prefers to have a very systematic exhibition routine:

*"Each exhibition lasts 4 weeks. This well-defined "exhibition rhythm" is very important, since I try to plan all exhibitions two years in advance. I prepare written contracts for the exhibitions 12 months beforehand and verbal agreements about the exhibitions 24 months in advance. Artists need these agreements also for their grant applications and long contracts help to avoid unpleasant surprises."*

The gallerist has always been personally very interested in art and speaks about her gallery with heart and soul. The main motivation to open a gallery is based on strong personal interest to work with visual arts. Gallery Ama's turnover fluctuates a lot and is usually between 50.000 to 100.000 euros. The sales climb usually to 300.000 – 400.000 euros. The turnover is a combination of a sales provision of 30% and exhibition rent. In addition, the gallery gets some additional income from offering some additional service to their artists against small fees. The year 2006 is the first profitable fiscal year for the gallery and the gallerist has planned to expand to Helsinki in Autumn 2007 to open a second gallery space.

At the moment, the gallery employs full-time only the gallerist herself, but she also uses two part-time assistants during the weekend and her husband also covers for the gallerist when she is on a business trip.

The customers consist of private persons and especially a lot of small private buyers who buy graphic arts through the online gallery. However, there is a sound business logic behind the affordable online sales of graphic arts where the profits are often small per individual deal:

*"Besides stable sales income, the online sales of graphic arts might turn the customers to get interested to buy more expensive paintings. Also companies might start buying first some affordable graphic arts to the wall. Later, this slowly developing relationship might grow. Online gallery helps to build customer relationships that can become in the long term much more profitable."*

However, the Finnish art market continues to be very small. Mrs. Wuori-Valtaoja sells works regularly to other cities in Finland, mainly to Helsinki where the art market is much more developed than in Turku. When discussing about the art market situation, the gallerist does not feel threatened by the competitors, but sees that the main problem is indeed the smallness and backwardness of the Finnish art market.

*"There are no true competitors in Turku, only a few galleries that exhibit contemporary art. However, these galleries often have an unstable exhibition program, meaning that after some really good artists, they might have something much less interesting. Their profile is not stable."*

*"Finns buy expensive sofas, but then they might a cheap poster on top of that. The Finnish art market is very small."*

Although the market is small and Helsinki and Turku are geographically only some 150 km from each other, Galleria Ama have sometimes exhibitions from major Finnish artists in Turku, they might also have a gallerist in Helsinki.

Although, Mrs. Wuorinen-Valtaoja had sold some works abroad through the online gallery before participating to the international art fairs, she believes that those sales came through customer's own personal contacts living in Finland. The gallerist states that the internationalization started when she got bored to the smallness of the small market in Turku and in Finland and wanted to try to move on.

*"Turku is so small and I wanted to go ahead. Of course I also wanted to get the works of Finnish artists abroad to the international art markets and get visibility for the artists."*

Gallery Ama has so far only operated in the Nordic countries. The first step was to participate to the Stockholm Art Fair in 2002. After that she has participated to Art Copenhagen in 2006, to Stockholm Art Fair again in 2007 and she is planning to



participate to Art Copenhagen again in Autumn 2007. However, the internationalization has not taken place without important lessons learnt:

*"The first fair stand was too crowded; I had too many works on the wall too close to each other. Since then I've tried to build more elegant stands and I've been very satisfied with those... However, I haven't really yet learnt how to utilize the fair contacts afterwards and there has not been enough communication in that sense".*

Galleria Ama's internationalization strategy is based on the art fairs and building up the network through them. The gallerist has two clear goals that she tries to realize in the international art fairs. The first one is to get new contacts to good galleries and the second one is foreign customers.

*"I aim to get in cooperation with a few good galleriests with whom I could share exhibitions...International art fairs are extremely important... Most of my foreign contacts have come from the Stockholm Art Fair in 2002. By this I don't mean just the sales, but also gallery contacts".*

Gallery Ama has also organized a few exhibitions of foreign artists in Finland. Those contacts have become through gallery contacts from art fairs, but they have sold modestly in Finland and she has been able to sell only some relatively inexpensive works.

If the gallerist would have more money, she would know exactly to which art fairs she would participate. In addition, there seems to be clear ranking between different art fairs. More interestingly, the ranking between different art fairs is not stable, but they are under constant change:

*"Art Cologne (organized since 1960s) is old-fashioned. Liste (in Basel, concentrating on young art and upcoming galleries/artists, organized*

*since 1996) has a lot of small gallerists, but the quality is poor. Düsseldorf (DC Düsseldorf) seems to come up and Art Cologne is coming down."*

The gallerist still considers herself to be a beginner and openly thanks the other Finnish gallerists for their help and support. However, the public financial support could help the gallery to become more active in international market, but until now it has been modest.

*"I've got some grants to cover transportation costs from FRAME (Finnish Fund for Art Exchange) and Ministry of Education. These grants have been insignificant compared to the overall costs. The grant for Stockholm Art Fair was some 1.000 euros and the total costs were close to 6.000 euros."*

Gallery Ama's marketing takes place traditionally; invitation cards, brochures, the actively updated website and direct contacting to the customers. However, the participation to the international art fairs has also become a strong sales argument to sell art to Finnish customers.

*"It helps to tell to the domestic customers that this artist has exhibited his/her works in the international art fairs. It's a strong marketing argument that raises the appreciation of the artists, it gives more prestige".*

The gallerist has neither done written plans about the internationalization nor has any partners or sponsors, but she has spent a substantial amount of time and money to visit many foreign art fairs to see how the best galleries exhibit their work and how do the fairs themselves function.

*"This (travelling) has been very systematic and I've tried to calculate what I could do with my resources, if I would get more financial public*

*support. I would know exactly to which art fairs I would participate if I just had more financial resources."*

Although the public support has been very limited, the future for Gallery Ama seems to be bright. The gallerist has decided to concentrate more efforts to the domestic market and will open her second gallery in Helsinki in Autumn 2007. When asked about the possible ideas to develop own business, the gallerist is a bit amused about the question:

*"This question sounds so big, when the daily work is so much based on working with the monthly changing exhibitions... I believe that in couple of years I will participate to maybe couple of fairs per year and I would have one employee more working with me...I will have more cooperation, e.g. interchange of exhibitions, with international galleries. I will organize a special museum exhibition in autumn 2007 and I've started to work with Stills Gallery (presenting mainly photography) from Australia.*

Above all, Mrs. Wuorinen-Valtaoja stresses that the Finnish galleries would need to improve their financial results. Finally, Mrs. Wuorinen-Valtaoja ends the interview by saying:

*"The Finnish gallerists are at the moment typically middle-aged women who are getting older without any new fresh faces on the market.", and*

*"...that although the new faces and galleries would mean more intense competition, the Finnish art market is so small that one can't really compete with each other."*



## 5.2 Artists' reflections on the internationalization of Finnish art galleries

The study also included an online survey targeted to the artists. The purpose was to include artists' own experiences about their internationalization process as well as opinions about the internationalization of Finnish art galleries to have a more extensive approach to the research question. Especially the questionnaire aimed at finding out if there are similarities or any differences between the artists' and the gallerists' approach to the internationalization. Besides the multiple choice questions, the questionnaire included many open questions to give the artists more freedom without predetermined options to express their views. Some 75 artists answered to the survey out of the 2300 who received the online questionnaire.

The complete survey without all the open-end questions can be found as the attachment 1. With all the open-end answers the attachment would have been some 50 pages, so the researcher decided to concentrate to show the analyzed results of the online survey and including in the following the most interesting results from the open-end questions.

The number of respondents was only 75, so the survey allows just making indicative conclusions. The artists who answered to the survey had versatile background. Most respondents (46,7%) had worked as artists more than 15 years. They worked quite equally with different medias and more than half had at least Master-level degree. Photography (41,3%), painting (34,7%) and sculpting (26,7) were the most commonly mentioned ones, although many respondents choose multiple answers for their main medias. Most artists didn't have a permanent gallerist (66,7%). Some 13,3 % had the main gallerist in Finland and some 20% had a foreign main gallerist. More than half (53,6) didn't have customers outside Finland, and only 10% had sold a work to foreign museum. The main results of the survey are summarized in the following.

Most artists have got international exhibitions without a gallerist. 82,7% had got private or group exhibitions abroad through their own contacts. Only a quarter of the artists had got a foreign exhibition through their gallerist. Furthermore, many answered that they

have got exhibitions through other artists (53,3%), through foreign curators (48%) as well as through domestic curators (34,7%). Some 2,7% had not have their works exhibited outside Finland. On the average, two-thirds of the respondents had got on the average 1.000 euros or less annually to support exhibitions abroad. In general, the respondents pointed out that one thousand does only cover partially costs related to one exhibition abroad. In other words, public support for artist's own international activities without a gallery, museum or a exhibition organizer is very limited. On the other hand, all artists don't work actively to apply grants for their international activities, and at least 10% had got a grant of 3.000 euros more to cover costs related to their international operations.

Most artists valued both commercial and non-commercial exhibitions. Although artists agreed that internationalization can take place through commercial and/or non-commercial exhibitions, most appreciated more non-commercial exhibitions than the gallery exhibitions. On the other hand most pointed out, that sales exhibitions are important to make a living.

Artists that identified a distinguished stage on their internationalization process concluded that they had got it need either by A) a notable foreign private or group exhibition, B) good and expanding contacts before breaking through; "good contacts bring new contacts" or C) living abroad. 42,7% said that they haven't had any clear stages and 33,3% said that they have different stages.

For artists, art fairs seem to be just one channel to get the works to the international arenas. When asked about what does mean artist's internationalization, only a few artists explicitly mentioned that art fairs are an important channel to internationalize. In general the questions reflected the fact that many artists believe that internationalization can take place through different channels and respondents gave many different definitions to the "artist's internationalization". The most often mentioned ones concrete ways to internationalize were "gallery exhibitions, museum exhibitions, living or staying abroad for a longer period of time, networking with foreign actors and work shops".



Some artists also presented that the internationalization of Finnish art galleries only includes some 2-4 for top galleries. However, somewhat illogically these artists proposed that because there are so few top galleries in Finland, instead of giving more support to them, the galleries should not get financial support to internationalize but the artists should receive more financial support.

Artists' attitude towards the art fairs was somewhat different from gallerists' approach and artists also criticized the art fairs. Almost half of the artists did value the art fairs and, some 20% didn't want to comment and some 10% downplayed their role. Furthermore, artists pointed out that there are fewer galleries than artists, so it's quite difficult to get in. Moreover, the role of art fairs was said to be dependant on the particular fair as well as on the gallery. In addition, the artists noted that only certain kind of art is usually shown in the art fairs and usually only the established artists exhibit their works on the fairs. On the other hand, many artists who were well disposed to the art fairs appreciated the new contacts gained from the fair which were helpful to get other kind exhibition and work opportunities, e.g. including non-commercial exhibition invitations.

Finally, some interesting conclusion may be done from gallerists' interviews and artists' online responses:

- The Finnish art market continues to be small
- Most artists valued both commercial and non-commercial exhibitions
- Over 80% of the artists have got their international exhibitions without a gallerist. Artists have got their exhibitions through their own contacts and in general valued personal networking just like the gallerists. For both the gallerists and artists the internationalization is about creating and maintaining personal contacts to key actors.
- For artists, the art galleries are not the only channel to internationalize, but for gallerists art fairs are clearly an essential business venue.



Although the artists and gallerists give different value to different venues, they both need each other to gain international recognition. Even if the artists didn't always appreciate the art fairs, the artist can't internationalize without showing works in a foreign venue (art fair, private or museum exhibition etc.) where key actors can see artist's work with at first hand. Without key actors personal perception (seeing the work with their own eyes), artists won't get more exhibition and start to create expanding network. In other words, a gallery can't internationalize without its artists and that they both agree on it. Artists can be seen as gallery's suppliers and without a close and uniform thinking, they couldn't cooperate with each other. So although a gallerist plans and executes an internationalization strategy, the gallery always needs its artists acceptance to its actions or otherwise the artists would change a gallery.

### 5.3 Analysis of the case galleries' internationalization

Both the gallerists' interviews as well as the artists' responses clearly verify that the Finnish art galleries have started to internationalize more actively during this decade. Although the internationalization does only concern a handful of galleries, there has been a notable change.

The internationalization of Finnish art galleries has taken place in phases during a long-term of time. The following table 9 summarizes the key notions from the gallerists' interviews.

The main motivation to internationalize have been the (a) smallness of Finnish art market, (b) attractiveness of foreign markets (customer potential) and (c) gallerists' desire to become recognizable actors in the international art scene to legitimize the gallery. In each case, it seems that the gallerist has also had a strong personal commitment to internationalize and make the gallery part of the international art world.

It can be concluded that gallerists' opinions about internationalization and motivation where quite similar. All the galleries had internationalized quite similarly, although

there were some differences. In addition, all gallerists agreed it's very important to create an interesting and solid exhibition program that is also commercially profitable before entering the international arenas.

As expected, the galleries were in different phases of internationalization, which were clearly reflected in the answers. Galerie Anhava and Gallery Forsblom are the most established Finnish galleries, and they seemed to internationalize using the same strategy. Both operated through art fairs, but they also sometimes organize non-commercial venues to gain respect from the other key actors. This dual operational strategy both brings the gallery revenues through art fairs as well as legitimizes its position in both domestic and international art market. In very practical terms, these non-commercial operations and activities can be seen as marketing operations to upgrade the galleries position in the very hierarchical art market (Singer 1988, 27-40).

If this dual strategy of internationalization is well-managed, it can create a positive circle. For example, the gallery can produce a non-commercial installation next to an art fair that creates more interest to the gallery. Later the gallery can get into better art fairs where it can continue to produce the same kind of non-commercial productions that bring even bigger customers. However, a successful gallerist must have a solid system to produce these non-commercial events (museum shows or installations) to create enough media coverage and later also sales to cover the initial investments. Public support, for example, is needed to produce these non-commercial museum shows and installations, like in the case of the Helsinki School project/ Gallery TaiK.

Gallery TaiK had also internationalized through art fairs, but the gallerist also stressed much more the role of non-commercial side of art markets. Gallery TaiK organized museum exhibitions and worked actively with independent publishing companies to legitimize its artists in the non-commercial side. Gallery TaiK's gallerist view to manage and create personal network to the key actors of the international art world were the most sophisticated one. Gallery TaiK's internationalization seemed to be strongly built upon good personal relationships.

Gallery Ama had just started to internationalize and had participated to just a few art fairs. However, the gallerist stressed the same methods to internationalize, but her internationalization strategy was narrower and she didn't have yet a solid system to operate in the international markets. This was mainly due the substantial lack of experience compared to the other gallerists, who had worked in the international art market longer.

It can be concluded from gallerists' interviews that internationalization has taken place through art fairs (outward) as well as organizing exhibitions of foreign artists to Finland (inward) and through strategic alliances with cooperative foreign galleries. In other words, there seems to be strong conjunction between the inward and outward internationalization. In addition, there is a strong conjunction between the commercial and non-commercial activities of a gallery that support each other at the gallery's internationalization process.

Moreover, all interviewed gallerists stressed the importance of networking to the key actors. However, the mentioned key actor groups varied between the gallerist, possibly reflecting the number of different actor groups that gallerist pay attention to.



**Table 9: Summary of the case galleries' internationalization process**

|                                       | <b>G. Anhava</b>   | <b>G. TaiK</b>   | <b>G. Ama</b>   | <b>G. Forsblom</b>   |
|---------------------------------------|--|--|---|--|
| <b>Description</b>                    | Established actor  | Established site-specific int. actor of selected art fairs.  | Beginner  | Established actor  |
| <b>Level of internationalization</b>  | Int. sales 30-40% , art fairs in Europe& one in the USA.   | Int.sales 95%. 2-3 art fairs in Europe.  | Int. sales <10%, participates to 2 Nordic art fairs   | Int. sales 50%, art fairs in Europe, Middle East, Asia and the USA.  |
| <b>Motivation to internationalize</b> | -Smallness of domestic market & - attractiveness of large foreign markets<br><br>- Personal commitment, increased status, and the desire to help the artists to internationalize   | -Smallness of domestic market & - attractiveness of large foreign markets<br><br>- Personal commitment, increased status, and the desire to help the artists to internationalize   | -Smallness of domestic market & - attractiveness of large foreign markets<br><br>-Personal commitment, increased status, and help the artists to internationalize | -Smallness of domestic market & - attractiveness of large foreign markets<br><br>-Personal commitment & increased status   |
| <b>Strategy</b>                       | -Operates through art fairs & produces occasionally non-commercial events/installations (legimitization)<br>-Exhibits foreign and domestic artists to increase the status of the gallery<br><br>-"Cooperation triangle" with two foreign galleries | -Operates through art fairs & organizes museum shows (legitimization) under the Helsinki School concept<br>-Exhibits foreign and domestic artists to increase the status of the gallery<br>-Close cooperation with book and magazine publishers to market and legitimize the artists | -Operates through art fairs.<br><br>-Only domestic artists  | -Operates through art fairs & produces occasionally non-commercial events/installations (legimitization)<br>-Exhibits foreign and domestic artists to increase the status of the gallery |

|                   | <b>G. Anhava</b> | <b>G. TaiK</b> | <b>G. Ama</b> | <b>G. Forsblom</b> |
|-------------------|------------------|----------------|---------------|--------------------|
| <b>Key actors</b> | Artists          | Artists        | Artists       | Artists            |
|                   | Galleries        | Galleries      | Galleries     | Galleries          |
|                   | State            | State          | State         | Museums            |
|                   | Curators         | Museums        | Critics       | Curators           |
|                   | Critics          | Curators       | Media         | Media              |
|                   | Media            | Critics        | Collectors    | Collectors         |
|                   | Collectors       | Media          |               | State              |
|                   | Auction houses   | Publishers     |               |                    |
|                   |                  | Collectors     |               |                    |

## 6 CONCLUSIONS AND DISCUSSION

### 6.1 Summary of the Findings

This Master's Thesis studied the internationalization of Finnish art galleries. The aim was to build on the basis of the relevant internationalization literature a framework that can describe the internationalization process of Finnish art galleries. More specifically, the aim was to specify:

1. How have the Finnish art galleries internationalized and what has been the process behind it?
2. What has been galleries' motivation to internationalize and what kind of strategies Finnish galleries have used?
3. Who are the key actors exist in the international art field from the perspective of an art gallery and how do Finnish art galleries manage these networks?

The analysis was based on interviews of four gallerists as well as a complementary online survey that collected information about artists' views on the research question. This chapter presents the major empirical results that relate to the research questions. The chapter is structured by examining each research question one by one, thus presenting a multifaceted approach to the research subject but with detailed analysis.

In this research, the term internationalization refers to Luostarinen's (1970) definition that "internationalization is an evolutionary process through which companies become increasingly committed to, and involved in, international activities". A company becomes involved in international operations and committed with international markets when it buys products from abroad, sells its products to /in foreign markets and/or starts to cooperate in some functional area with a foreign firm. (Luostarinen 1970, 106). However, Jyrämä (1993, 16) defines internationalization of art market as a process of becoming part of the international network. Both definitions offer useful approaches to the research questions.



From the art gallery's point of view, internationalization means e.g. participation to international art fairs, organizing an exhibition of a domestic artist in a foreign gallery, a co-operation with a foreign gallery for example in art fairs, direct sales to international collectors or some other ways to penetrate to the international art markets.

#### 6.1.1 Internationalization process and strategy of Finnish art galleries

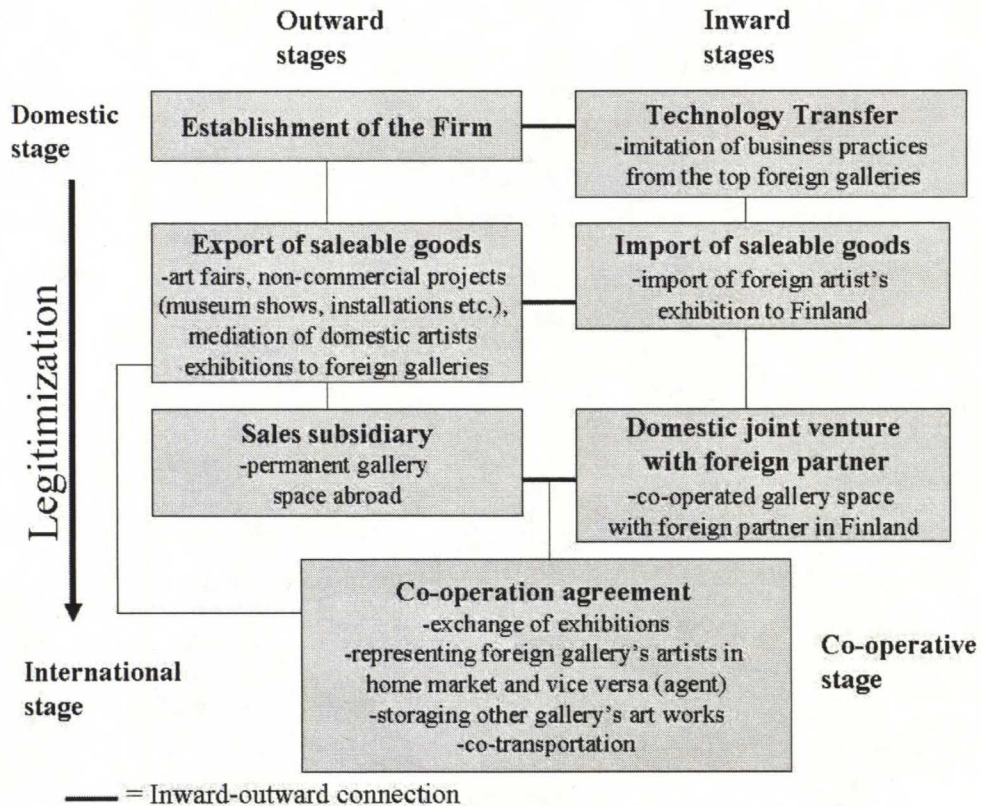
##### **Research question # 1 : How have the Finnish art galleries internationalized and what has been the process behind it?**

After 1990s, it seems that Finnish art galleries have started to internationalize more actively. The internationalization of Finnish art galleries has taken place in stages during a long-term of time and it has been difficult to speed up the process because of the nature of the business. Galleries can not internationalize very rapidly, like so called "Born Globals", since the art market has a hierarchical structure and the barriers to entry are high. In the art market, both buyers and sellers are interested in maintaining restrictions (Singer 1988).

Figure 5 on the next page presents the framework "Holistic internationalization process of an art gallery based on the operation mode dimension (adapted from Luostarinen 1994, 19; Luostarinen and Hellman 1995, 8, Korhonen 1999, 49) that describes the internationalization process of art galleries.

A gallery can internationalize both through operations outward and inward as well as through co-operation with foreign actors (e.g. galleries). As the level operations develops from purely domestic stage into more international stage, the gallery legitimizes itself in the eyes of the key actors of both domestic and international key actors. All the case companies have internationalized through parallel process. The process in a nutshell proceeds as follows.

Figure 5: The revised holistic internationalization process of an art gallery based on the operation mode dimension.



Sources: Adapted from Luostarinen 1994, 19; Luostarinen and Hellman 1995, 8, Korhonen 1999, 49

#### Domestic stage / Inward stage

To gain the trust of the customers, artists and other key actors, a gallery must establish itself by building up reputation and status by exhibiting good artists. The value of a solid and coherent exhibition program is also important because the value setting of an art piece is complex and it is not a direct result of demand and supply. The value of an art object is mostly immaterial, meaning that the production costs of an art piece might only make up a portion of its market value. The gallery's reputation and respect, which is based on a good exhibition program, serves as a signal of the gallery's level of quality.



A gallerist starts to collect information about the foreign art markets by visiting foreign art fairs and other venues and by networking with foreign actors. The gallerist collects information about how does an art fair function, what kind of art is presented in the art fair and how do the galleries market their artists. When a gallery is starting to internationalize, some level of technology transfer might be needed. Technology is defined as “a system of applied knowledge, expertise, skills and processes which combine inputs that enhance the conception, operating, marketing and business management capabilities of the firm.” Technology transfer is “a process of communicating and transmitting technology to enhance the capability of the receiver through absorption and use (Al-Obaidi 1999, 319-320).

In this context, the technology transfer refers to how galleries have adapted business practices and processes from abroad. As an illustration of this, Jyrämä (1999, vii-viii) concludes that through isomorphic forces and by imitation, galleries conduct business in the same way in different countries. In other words, galleries, their operations and business practices in different countries are quite similar all over Europe.

### **Outward stage**

In the outward stage, the gallery participates to a foreign art fair of a nearby country, e.g. Stockholm Art Fair. This first participation is not usually financially profitable, but it helps the gallery to engage with foreign galleries, artists, customers, press and curators. This stage starts the phase the “export of saleable goods”.

New foreign connections allow the art gallery to organize an exhibition of a foreign artist in the domestic market. Again, from the sales point of view, the exhibition rarely succeeds, but it signals to the other domestic actors that the gallery is moving ahead. This stage starts the phase the “import of saleable goods”. However, if the gallery has already created connections to foreign artists and gallerists, it might also first organize an exhibition of a foreign artists to Finland (inward internationalization), and then participate to a foreign art fair (outward internationalization). Regardless of which of the two phases take place first, they support and amplify each other. Johanson’s and Vahlne’s (1990, 11-12) note is valid in the case of art galleries, “the internationalization



process evolves in an incremental fashion in interaction between the development of knowledge about foreign markets and operations on one hand and an increasing commitment of resources to foreign markets on the other hand” .

After the exporting / importing stage, a gallery might try to open a subsidiary abroad or a domestic joint venture with a foreign partner, but there are not many examples of this even in international level. Some rare examples are for example the Marlborough gallery (gallery spaces in London, New York, Madrid, Santiago de Chile and Monte Carlo) or the Chinese Contemporary gallery (London, Beijing and New York). The obvious problem of establishing a foreign subsidiary is that because art market is based on networks, the foreign gallerist should be able to build local personal network to the target market from abroad. Without strong international recognition and brand, the barrier of entry for foreign firm is often insurmountable.

There are no examples of domestic joint ventures or sales subsidiaries of foreign galleries in Finland. One reason for this is that customer preferences are very local, e.g. paintings by an artists in Turku sell better and with higher prices there, and one can see similar phenomenon in other parts of Finland (Jyrämä 1995, 55). Customers are often more interested about local artists than non-local or foreign ones. Secondly, art market in Finland is less mature and smaller than elsewhere in Europe and it does not seem to attract foreign companies. Maybe in the future, when Finnish art market matures, this kind of operations will take place. Furthermore, galleries can often get access to foreign markets through art fairs, which attract the most potential customers from the specific market. Moreover, the galleries can internationalize through their own artists by helping them to find exhibition abroad and gaining a percentage out of their foreign sales.

### **Co-operative stage**

In the co-operative stage, galleries create cooperative arrangements with other galleries.

Galleries can influence their reputation e.g. by cooperating with certain elite galleries in Finland or abroad. The reputation hierarchy is legitimised and institutionalised through

gallery associations and art fairs: only accepted galleries are allowed to participate in these organisations or events. This hierarchical system helps to decrease the uncertainty related to the unique and non-objective valuation of art works (Jyrämä 1999, 160-173).

In few cases, the Finnish galleries have been able to create loose cooperation agreements with foreign galleries. At this point, it usually means that the galleries offer exhibitions of their own artists to the other galleries. This phase of just importing and exporting saleable goods might take years before the galleries create a more permanent level of cooperation. Co-operation arrangements between Finnish and foreign galleries offer interesting possibilities, which are often neglected.

Firstly, galleries can participate to international art fairs together. This decreases both the participation fees and transportation costs. Jyrämä (1999, 126) concluded that although art fairs are extremely important, they are viewed "out of reach" because of the high expenses.

Secondly, galleries could also intensify their cooperation in many practical matters. Nordic galleries for example could serve a larger customer base if they would work together to help each other in transportations or warehousing for example after art fairs.

Thirdly, circulating commercial exhibitions in Europe could be interesting concept. These cooperative arrangements could help the artists, because then they could have exhibitions more easily in many different countries through one local contact. International exhibitions in the "right" galleries would also have a favourable effect on the price level of Finnish artists.

To sum up, Finnish art galleries have internationalized both inwards and outwards as well through cooperative arrangements that have effectively help the galleries to become an elite gallery in the home market. However, this internationalization process has been very slow and it has taken place in stages. In each stage, galleries have implemented a more extensive range of operations. Internationalization can take place through e.g. art fairs (outward), organizing exhibitions of foreign artists to Finland



(inward) and through strategic alliances with cooperative foreign galleries. There is also strong conjunction between the inward and outward internationalization.

Through internationalization, galleries legitimize themselves. Participation in foreign art fairs (outward internationalization) increases the gallery's status (Jyrämä 1999, 126). By participating to the most important art fairs, galleries can scale up the hierarchical pyramid of the art market. Legitimization can also take place e.g. by introducing fresh contemporary works to home market (inward internationalization) thus improving the reputation and showing their innovativeness (Jyrämä 1995, 78). By importing new art movements or art pieces a gallery gains reputation and climbs up in the pyramid of art market (Singer 1988, 27-40). Galleries can influence their reputation also by cooperating with certain elite galleries in Finland or abroad. This hierarchical system helps to decrease the uncertainty related to the unique and non-objective valuation of works of art that is characteristic for art. (Jyrämä 1999, 160-173).

Moreover, successful internationalization requires management and regular communication with key actors of the international art field. To break through, a gallery should aim at creating personal connections to key actors in the international markets to legitimize its position. More about these key actors is presented in section 6.1.3.

#### 6.1.2 Motivation to internationalize

#### **Research question # 2 : What has been galleries' motivation to internationalize and what kind of strategies Finnish galleries have used?**

There are multiple reasons why Finnish galleries have internationalized. The role of individuals plays a role in the motivation to internationalize, especially on the decision if and when the gallery decides to start the internationalization. The decision is made by the gallerists and in each case the internationalization process seemed to take place due to the gallerist's firm decision to make the gallery more international.



The first and most obvious reason to internationalize is the smallness of Finnish market and the attractiveness of large foreign markets. In addition, the Finnish art taste is different from other European countries. As Ilona Anhava noted in her interview “there is much more demand for Finnish photography outside national borders”. The customer potential e.g. in Germany is manifold. Internationalization offers the solution for an ambitious gallery to both keep up an internationally high-level exhibition program and to find more income through larger customer potential.

In addition, in the online survey the artists defined a good gallery as one that “helps its artists to enter the international art markets”. Besides the financial reasonings, the gallerists in most cases mentioned their commitment to help their artists to internationalize. Gallerists pursue to become respected actors of their community by working with the best artists. As Jyrämä (1999, 111-113) notes, the art market is hierarchically structured according to reputation and status grouping galleries to different categories. There is no formal hierarchical structure in the market, but it is rather symbolic and based on reputation. (Jyrämä 1999, 160).

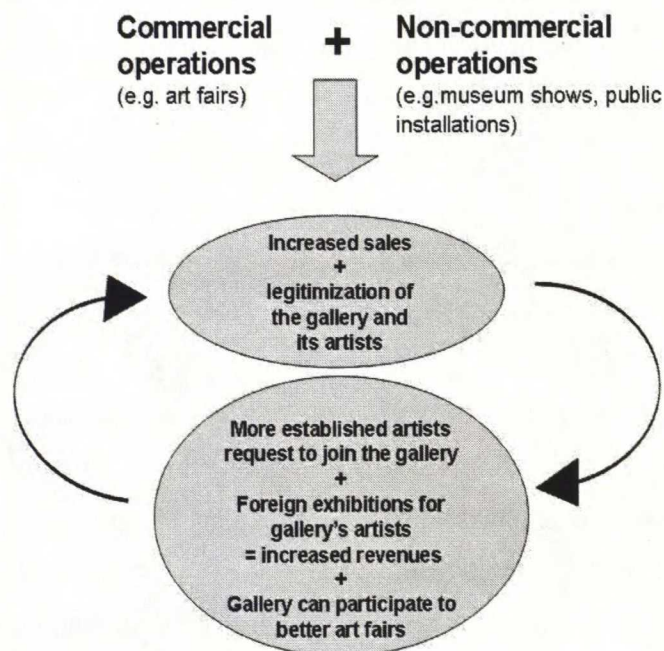
Gallerist who can help artists to break through to the international markets can also gain legitimization of his/her colleagues, but also the respect of the other actors. Through working with the best artists, the gallerist climbs up the hierarchy structure of the art market. Thus internationalization assists the gallery to legitimise its position in the field, but it always requires the co-operation with a representative selection of artists. However, as many artists addressed in the online survey, a good gallerist is not just a one who sells a lot (to international customers), but “who exposes the artists works to curators” and “help to get new private exhibition for the artists”.

An interesting and ambitious strategy that some of the case companies were using for is a so-called “dual internationalization strategy”: the gallery mainly operates on the commercial side, but producing also some non-commercial exhibitions, installation or events. The most interesting aspect of this dual strategy is that it can be both financially profitable and also help the gallery to receive recognition as an elite gallery. For example, the artists’ interviews reflected the view that these kinds of galleries are the

most appreciated ones. These non-commercial venues can help the gallery to gain respect from the other key actors. This dual operational strategy both bring the gallery revenues through art fairs as well as legitimize its position in both domestic and international art market. In very practical terms, these non-commercial operations and activities can be seen as marketing operations to upgrade the galleries position in the very hierarchical art market.

Figure 6 presents the logic behind operating in both the commercial and non-commercial market and the positive circle this kind of dual strategy can create.

Figure 6: The positive circle of the dual strategy of internationalization



If this dual strategy of internationalization is well-managed, it can create a positive circle. For example, the gallery can start by producing a non-commercial installation next to an art fair thus receiving recognition as an innovative gallery. Later the innovative gallery can more easily get into better art fairs where it can sell more

expensive works to more important collectors and attract more established artists to join the gallery. Meanwhile, the gallery can continue to produce the same kind of non-commercial productions that bring even bigger customers. However, public support is often needed to help the galleries to produce these non-commercial operations, like in the case of the Helsinki School project/ Gallery TaiK. The artists' interviews pointed out that artists in general appreciate both the commercial and non-commercial exhibition opportunities. Thus a gallery that can offer both possibilities will most probably receive more recognition besides the collectors, media and curators, also from the artists.

#### 6.1.3 Key actors in the international art market for Finnish art galleries

**Research question # 3 : Who are the key actors in the international art field from the perspective of an art gallery and how do Finnish art galleries manage these networks?**

The internationalization of Finnish art galleries has taken place in stages during a long-period of time, which is due to the need to create little by little personal contacts to the key actors in the international art market.

The role of different actors to the internationalization of art galleries is found to be significant. The art market itself is made of network structures. As Crane (1987) and Jyrämä (1999, 160) point out, the legitimisation takes place through different actors in the field. By participating to the activities of the international art market, the gallery becomes a recognizable member of it. A true break-through to international art market requires the legitimisation of various actors. To become international, a successful gallery must create a strategy how to create and maintain relationship with all these key actors.

Ring and Van de Ven (1994) argued that in the beginning, the relationship is based on organizational roles, while later, interpersonal relationships become more important.



However, it could be argued that in the art market, the relationships seem to develop in the opposite direction. First, the relationship is based on interpersonal relationship and then that relationship can develop into a more active and stronger organizational relationship.

The following table 10 presents the most important key actors for an internationalizing art gallery and their roles.

Table 10: The key actors for an internationalizing art gallery

| Key actor      | Role   |
|----------------|--|
| Artists        | The core with whom the gallery creates its profile. Legitimation.                                  |
| Galleries      | Competitors and cooperation partners.  |
| State          | Needed to support the art exporting through the artists as well as direct financial export support |
| Museums        | Legitimation through exhibitions and purchases.  |
| Curators       | Exhibition opportunities that help to legitimise the artists.                                      |
| Critics        | Opinion leaders  |
| Media          | Art magazines legitimise, other magazines and newspaper create interest of the potential buyers    |
| Auction houses | Legitimation   |
| Publishers     | Legitimation both the other key actors as well as to the general public                            |
| Collectors     | Income and legitimisation.   |

Galleries create their profile through their exhibition program and cooperation with the **artists**. The artists produce the works, but their names are often like brands. Co-branding between an acknowledged gallery and a famous or an upcoming artist benefits both actors.

**Galleries** compete against each other, but because of the network structure of the art field, they are also possible co-operation partners. Many galleries pursue to create good relations with some other gallerists with whom they seem to share a similar taste. This can help to organize exhibitions of foreign artists in one's own gallery and to create more strategic alliances. Gallerists might also recommend some other galleries to their own customers if they keep the other one in value.

**Government's** role in internationalization is to support both galleries and artists through financial support to overcome the high participation costs related to the internationalization process. This would for example include scholarships and grants. In the long-term, the government would however also get some revenues back from the support by increased tax revenues from the galleries and artists.

**Museums**, both domestic and especially respected foreign ones, legitimise the artists and through the artists the galleries who sell their works. Museum can legitimize an artist in two ways; 1) by buying include an art piece to their collection or 2) by organizing an private or group exhibition for the artist which might also include an exhibition catalogue. Both actions can be seen as a signal that the artist is considered to be important. Furthermore, also museum and independent **curators, art critics and important or famous collectors** can signal that an artist is considered to be interesting through the eyes of art connoisseurs.

Different **media** like magazines, newspapers, TV, Internet and especially art book **publishers** can also affect favourably to the conspicuousness of gallery or artist. Working with the press and publishers, good PR is something that the gallerists particularly mentioned in the interviews. However, only Mr. Persons from Gallery TaiK, underlined his internationalization strategy which is based on a proactive and regular communication with the international publishers. Besides the immediate key actors, good PR is needed to raise the profile among the general public.

a clear vision, a solid customer base and it must represent interesting artists. It also must know how to sell art, which is not automatically clear in the Finnish art business.

The research identified distinctive development stages in the galleries' internationalization process and that this process is usually relatively slow. The slowness is caused by the need to create personal networks with the key actors in the international art field which take time to evolve. In addition, the study emphasized the need to create a systematic approach to create and manage the network of key actors. In other words, galleries should be able to extend their existing customer management to key stakeholder management.

Research on the commercial side of Finnish art market is in its early stage. This research created a new more suitable framework that to explain and help the Finnish art galleries to internationalize. The new conceptual framework explains the development stages of the internationalization process of an art gallery.

Another novel result of this study is related to the identification of the key actors of international art market. Prior literature (Jyrämä, 1999) only identified the key actors on the Finnish art market, which are somewhat different for an internationalising art gallery.

The third interesting result was the identification of a dual strategy of internationalization that includes both commercial and non-commercial activities. From the strategic point of view, the most interesting aspect of this dual strategy is that it can be both financially profitable and also help the gallery to receive recognition as an elite gallery. Moreover, this dual operational strategy can help the gallery to legitimize its position in both domestic and international art market.



The case studies show that most galleries recognized some or most of these key actors. However, maybe because of the smallness of the companies, case companies did not seem to have a very well-organized system to maintain relationship with all key actors.

To become more successful, Finnish galleries should consider developing more systematic approach to create and manage their key contacts. A successful gallerist should have a comprehensive and systematic approach to stay in touch with most, if not all, key actors regularly.

## 6.2 Theoretical contributions

The internationalization process of a company has been one of the main areas studied in international business research. However, a research about the internationalization process of Finnish art galleries has not been conducted before, although there are multiple reasons to conduct it. In addition, research on the Finnish art market has previously concentrated on the structures and practices of the Finnish market in comparison with the foreign ones (Jyrämä, 1999).

The study used Luostarinen's "Holistic internationalization process of a firm based on the operation mode dimension" (Luostarinen, 1979) to identify how the Finnish art galleries have internationalized. The study pointed out that all art galleries have internationalized in phases and they have also used the same type of strategy to internationalize, although they have implemented it in different ways. The most recommendable combination seems to be a combination of both simultaneous inward and outward internationalization with additional cooperative operations with foreign galleries. In addition, special non-profit projects and exhibitions e.g. museums can help the gallery to gain more respect from other actors in the field. In other words, an ambitious gallery should be able to operate in both markets; generate sales revenues in the commercial art market as well as to raise interest through its artist in the non-commercial market. To be able to operate both sides of the market, a gallery must have

### 6.3 Managerial Implications

This study also brought up some key notions learnt which other Finnish galleries could take into consideration while planning to start to internationalize. An internationalizing gallery should:

1. **Create an interesting and solid exhibition program that is also commercially profitable.** Sales revenues are a prerequisite to have enough financial resources to enter the more expensive international markets.
2. **Create an internationalization strategy with both commercial and non-commercial operations, which includes operations both inward and outward as well as co-operation with foreign galleries.** This can help to create a positive circle where the revenues increase and simultaneously the gallery and its artists legitimize themselves.
3. **Have systematic approach to manage their key stakeholders.** In practice this means creating good personal contacts with museums directors, independent curators, and critics, other artists, media etc. An ambitious gallerist does not always need to have a written strategy to be successful in this, but at least the gallerist should stay in touch with all the key actors regularly.
4. **Gallery must continuously work hard to brand new artists.** Finnish galleries are small players in the international art markets. Since the artists rarely have written contracts with their artists for more than the next exhibition, the bigger and more powerful foreign galleries have almost always the opportunity to snatch the upcoming Finnish artists to join their foreign gallery and stop working with the Finnish gallery. A gallery must continuously work hard to brand new artists. When a gallery have one successful artist, it must know how to connect that to the already established artist. The consecutive success stories attract new artists, new customers and the respect of other key actors.

#### 6.4 Suggestions for Further Research

This study identified a clear internationalization pattern of Finnish art galleries. The internationalization takes place in development stages. The role of personal contacts is found be extremely important and more systematic ways to manage these networks ought to be studied further. Also comparative studies from the internationalization process of galleries of other nations should be studied. Especially a more comprehensive study that would include galleries from countries with large domestic markets, e.g. Germany and France, should be examined. In addition for comparative purposes the Swedish and Danish galleries might merit to be studied in more detail.



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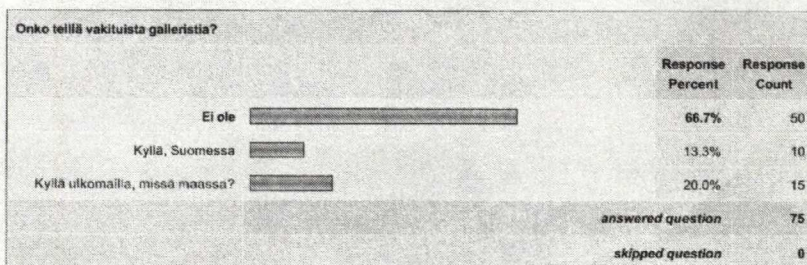
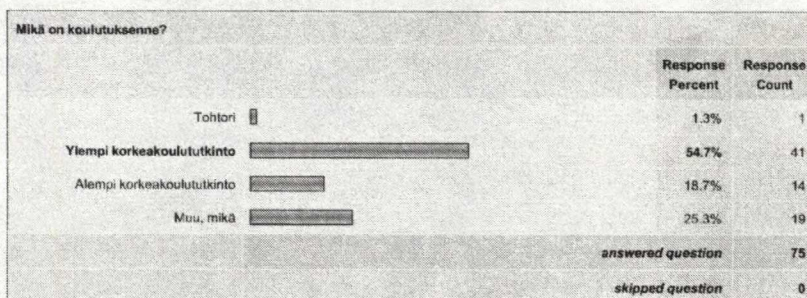
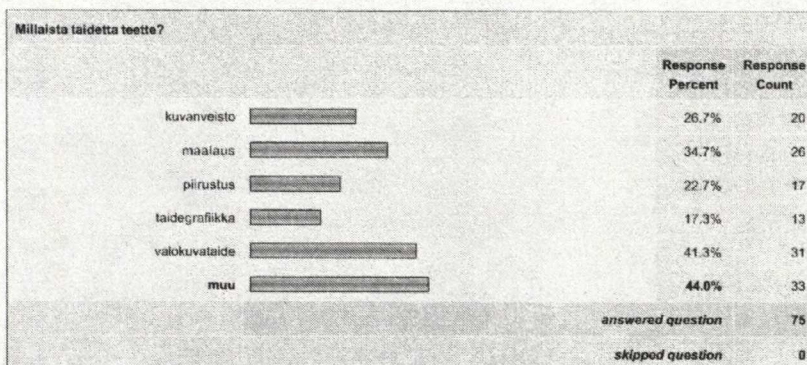
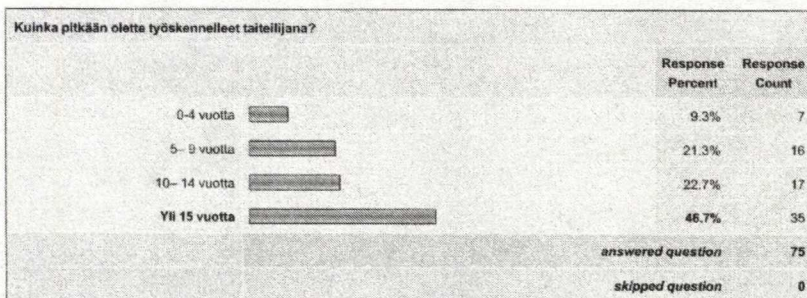
### **Articles**

Taloussanomat, 4.3.2006, 4-7

Kauppalehti Presso 22.4.2006, 12-15

## Appendix 1: Results of the artists online survey

### Suomalaisten taidegallerioiden kansainvälistyminen





Suomalaisten taidegallerioiden kansainvälistyminen

| Mitä mielestänne tarkoittaa taiteilijan kansainvälistyminen? |                |
|--|----------------|
|  | Response Count |
|  | 71             |
| answered question  | 71             |
| skipped question   | 4              |

| Ovatko kansainväliset näyttelymahdollisuudet tärkeitä? Kuinka tärkeitä ovat ei-kaupalliset näyttelyt? Entäpä myyntinäyttelyt? |                |
|---|----------------|
|   | Response Count |
|   | 71             |
| answered question   | 71             |
| skipped question  | 4              |

| Onko Teillä ollut näyttelyitä Suomen ulkopuolella (yksityis- tai ryhmänäyttelyitä)? Jos on, miten nämä näyttelymahdollisuudet ovat syntyneet? (HUOM! Voit vastata myöntävästi useampaan kohtaan) |                  |                |
|--|------------------|----------------|
|  | Response Percent | Response Count |
| Ei ole ollut näyttelyitä / teoksia esillä Suomen ulkopuolella  | 2.7%             | 2              |
| Kyllä, näyttely omien kontaktieni kautta   | 82.7%            | 62             |
| Kyllä, näyttely galleristini kautta  | 25.3%            | 19             |
| Kyllä, näyttely kotimaisen kuraattorin kautta  | 34.7%            | 26             |
| Kyllä, näyttely ulkomaisen kuraattorin kautta  | 48.0%            | 36             |
| Kyllä, Kyllä, näyttely muiden taiteilijoiden kautta  | 53.3%            | 40             |
| Muu, mikä?   | 30.7%            | 23             |
| answered question  |                  | 75             |
| skipped question   |                  | 0              |

| Onko omassa mahdollisessa kansainvälistymisprosessissa ollut selkeitä eri kehitysvaiheita? |                  |                |
|--|------------------|----------------|
|  | Response Percent | Response Count |
| Minulla ei ole ollut kansainvälistä näyttelytoimintaa tai myyntiä ulkomaille.              | 2.7%             | 2              |
| Ei selkeitä vaiheita   | 42.7%            | 32             |
| En osaa sanoa.   | 21.3%            | 16             |
| Jos kyllä, millaisia kehitysvaiheita?  | 33.3%            | 25             |
| answered question  |                  | 75             |
| skipped question   |                  | 0              |

Suomalaisten taidegallerioiden kansainvälistyminen

Kuinka paljon olette saaneet viimeisen kolmen vuoden aikana keskimäärin vuodessa apurahoja kansainvälisten näyttelymahdollisuuksien toteuttamiseksi?

|                          | Response<br>Percent | Response<br>Count |
|--------------------------|---------------------|-------------------|
| 0                        | 44.0%               | 33                |
| 1-1000 euroa             | 24.0%               | 18                |
| 1001-3000 euroa          | 22.7%               | 17                |
| Yli 3000 euroa           | 9.3%                | 7                 |
| <b>answered question</b> |                     | <b>75</b>         |
| <b>skipped question</b>  |                     | <b>0</b>          |

Mikä on mielestänne kansainvälisten messujen rooli taitelijan kansainvälistymisessä?

|                          | Response<br>Count |
|--------------------------|-------------------|
|                          | 67                |
| <b>answered question</b> | <b>67</b>         |
| <b>skipped question</b>  | <b>8</b>          |

Onko Teillä ulkomaisia asiakkaita? Jos kyllä, ketä ulkomaiset asiakkaanne pääasiassa ovat?

|                          | Response<br>Percent | Response<br>Count |
|--------------------------|---------------------|-------------------|
| Yksityisasiakkaita       | 49.3%               | 34                |
| Museoita                 | 10.1%               | 7                 |
| Yrityksiä                | 13.0%               | 9                 |
| Ei ole                   | 53.6%               | 37                |
| <b>answered question</b> |                     | <b>69</b>         |
| <b>skipped question</b>  |                     | <b>6</b>          |

Oletteko kohdanneet ongelmia kansainvälisessä taidekaupassa? Jos kyllä, millaisia? (HUOM! Voit vastata myöntävästi useampaan kohtaan)

|   | Response<br>Percent | Response<br>Count |
|---|---------------------|-------------------|
| Byrokratia viranomaisten kanssa                   | 20.9%               | 9                 |
| Ongelmia kuljetusten<br>organisoinnissa           | 44.2%               | 19                |
| Epäselvyydet näyttelyjärjestäjien<br>kanssa       | 37.2%               | 16                |
| Sovittuja korvauksia / maksuja<br>jäänyt saamatta | 30.2%               | 13                |
| Muita ongelmia, mitä?                             | 39.5%               | 17                |
| <b>answered question</b>                          |                     | <b>43</b>         |
| <b>skipped question</b>                           |                     | <b>32</b>         |



Suomalaisten taidegallerioiden kansainvälistyminen

| Onko Teillä ollut kotimaassa hyötyä kansainvälisestä kokemuksesta /maineesta? (HUOM! Voit vastata myöntävästi useampaan kohtaan) |                  |                |
|--|------------------|----------------|
|  | Response Percent | Response Count |
| Ei ole   | 23.6%            | 17             |
| Kyllä, arvostus on lisääntynyt.  | 45.8%            | 33             |
| Kyllä, enemmän yleistä mielenkiintoa teoksiani kohtaan.  | 45.8%            | 33             |
| Kyllä, helpottanut kotimaan myyntiä.   | 8.3%             | 6              |
| Kyllä, tunnettuus on lisääntynyt.  | 29.2%            | 21             |
| Muuta hyötyä, mitä?  | 22.2%            | 16             |
| answered question  |                  | 72             |
| skipped question   |                  | 3              |

| Milloisena näette suomalaisen taidekentän juuri nyt? Entäpä kolmen vuoden kuluttua? |                |
|---|----------------|
|   | Response Count |
|   | 68             |
| answered question   | 68             |
| skipped question  | 7              |

| Mitä oma toimintanne näyttää kolmen vuoden kuluttua tai millaista toivotte oman toimintanne olevan silloin? |                |
|---|----------------|
|   | Response Count |
|   | 69             |
| answered question   | 69             |
| skipped question  | 6              |

| Kuinka valtio voisi tukea taiteilijoita/gallerioita/suomalaista taide-elämää paremmin? |                |
|--|----------------|
|  | Response Count |
|  | 70             |
| answered question  | 70             |
| skipped question   | 5              |



Suomalaisten taidegallerioiden kansainvälistyminen

| Jokeri-kysymys: Kiasma on toiminut pian 10 vuotta. Millaisena näette Kiasman roolin suomalaisessa taidekentässä? |                |
|--|----------------|
|  | Response Count |
|  | 61             |
| answered question  | 61             |
| skipped question   | 14             |

| Voitte kirjoittaa tähän vapaata palautetta kyselystä. |                |
|---|----------------|
|   | Response Count |
|   | 25             |
| answered question                                     | 25             |
| skipped question                                      | 50             |